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INSIDE INFORMATION

PROFIT WARNING

This announcement is made by Cosmos Machinery Enterprises Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the currently available information which includes, but without limitation to, the unaudited consolidated management accounts of the Group for the six months ended 30 June 2020, it is expected that there would be a deterioration in the operating results of the Group and is expected to record an unaudited consolidated loss not more than HK\$15,000,000 for the six months ended 30 June 2020 as compared to an unaudited consolidated profit of approximately HK\$18,300,000 over the same period in 2019. This expected loss was primarily attributable to the following reason:

Besides the trade frictions between the United States and People's Republic of China (“**PRC**”), in view of the novel coronavirus (COVID-19) outbreak (the “**Pandemic**”) across the PRC, a number of provinces in the PRC have taken various emergency public health measures and infection control actions, including restrictions and guidelines on the time and safety measures required for work resumption after the Chinese New Year holidays. For the Group's customers mainly situated in the PRC, such measures caused various degrees of disruptions in plant closure and reopening efforts. Supply chains were severely disrupted in terms of logistics, material availability and fluctuating prices etc. Our export demands either plummeted or delayed in deliveries, as global economic activities were severely challenged by the Pandemic. In summary, this is expected to result in lower sales and production output, and consequently the revenue and gross profit in trading of industrial consumables business, plastic products processing and manufacturing businesses and printed circuit board processing and trading businesses had declined for the six months ended 30 June 2020.

The Company will finalise the unaudited consolidated interim results of the Group for the six months ended 30 June 2020. Hence, the information disclosed in this announcement only represents a preliminary assessment by the Board and the management of the Group based on the information currently available to them, which have not yet been reviewed by the audit committee of the Company. The unaudited consolidated interim results of the Group may be subject to adjustments following further review by the Board. The Directors expect that the announcement of the unaudited consolidated results of the Group for the six months ended 30 June 2020 will be published in August 2020 in compliance with the requirements under the Listing Rules.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Cosmos Machinery Enterprises Limited
TANG To
Chairman

Hong Kong, 5 August 2020

As at the date of hereof, the Board is comprised of ten directors, of which four are executive directors, namely Mr. Tang To, Mr. Wong Yiu Ming, Mr. Tang Yu, Freeman and Mr. Mei Zheqi and two are non-executive directors, namely Mr. Kan Wai Wah and Mr. Qu Jinping and four are independent non-executive directors, namely Ms. Yeung Shuk Fan, Mr. Cheng Tak Yin, Mr. Ho Wei Sem and Mr. Huang Zhi Wei.