
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **COSMOS MACHINERY ENTERPRISES LIMITED** (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected, for transmission to the purchaser or the transferee.

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**PROPOSALS INVOLVING
GENERAL MANDATES TO BUY BACK SHARES
AND TO ISSUE SHARES,
RE-ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of the Company to be held at Ming Room II, 4th Floor, Sheraton Hong Kong Hotel & Towers, 20 Nathan Road, Kowloon, Hong Kong on Wednesday, 25 May 2016 at 9:30 a.m. is set out in pages 13 to 16 of this circular. Whether or not you propose to attend the meeting, you are requested to complete the form of proxy enclosed with this circular in accordance with the instructions printed thereon and return the same to the registered office of the Company at 10/F, Billion Plaza 2, No. 10 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjourned meeting thereof and, in such event, the relevant form of proxy shall be deemed to be revoked.

19 April 2016

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DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context requires otherwise:

“AGM”	the annual general meeting of the Company to be held at Ming Room II, 4th Floor, Sheraton Hong Kong Hotel & Towers, 20 Nathan Road, Kowloon, Hong Kong on Wednesday, 25 May 2016 at 9:30 a.m.
“AGM Notice”	the notice dated 19 April 2016 convening the AGM as set out in pages 13 to 16 of this circular
“associates”	as such term is defined under the Listing Rules
“associated company”	as such term is defined under financial reporting standards approved by the Hong Kong Institute of Certified Public Accountants
“Auditors”	the auditors for the time being of the Company
“Board”	the board of directors of the Company or a duly authorised committee thereof for the time being
“Business Day”	a day (other than a Saturday or a Sunday) on which licensed banks are generally open for business in Hong Kong and the Stock Exchange is open for business of dealing in securities
“Buy-back Mandate”	a general mandate to the Directors to exercise the power of the Company to buy back Shares during the period as set out in Ordinary Resolution no. 4 up to 10% of the issued shares of the Company as at the date of passing such resolution
“chief executive(s)”	as such term is defined under the Listing Rules
“Company”	Cosmos Machinery Enterprises Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“connected person(s)”	as such term is defined under the Listing Rules
“controlling shareholder(s)”	as such term is defined under the Listing Rules
“day”	calendar day
“Directors”	the directors of the Company for the time being

DEFINITIONS

“Articles”	the articles of association of the Company
“Group”	the Company and its subsidiaries and associated companies from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of The People’s Republic of China
“Issue Mandate”	a general mandate to the Directors to exercise the power of the Company to allot, issue and deal with Shares during the period as set out in Ordinary Resolution no. 5 up to 20% of the issued shares of the Company as at the date of passing such resolution
“Latest Practicable Date”	8 April 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“month”	calendar month
“Resolution(s)”	the proposed ordinary as referred to in the AGM Notice
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance or the Listing Rules)
“substantial shareholder”	as such term is defined under the Listing Rules
“Takeover Code”	the Hong Kong Codes on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

LETTER FROM THE BOARD



大同機械企業有限公司

COSMOS MACHINERY ENTERPRISES LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 118)

Executive Directors:

Tang To (*Chairman*)

Wong Yiu Ming (*Executive Vice Chairman*)

Tang Yu, Freeman (*Chief Executive Officer*)

Registered Office:

10/F., Billion Plaza 2

No. 10 Cheung Yue Street

Cheung Sha Wan

Kowloon

Hong Kong

Non-Executive Directors:

Kan Wai Wah

Qu Jinping

Independent Non-Executive Directors:

Yeung Shuk Fan

Cheng Tak Yin

Ho Wei Sem

Huang Zhi Wei

19 April 2016

To the Shareholders

Dear Sir or Madam,

**PROPOSALS INVOLVING
GENERAL MANDATES TO BUY BACK SHARES
AND TO ISSUE SHARES,
RE-ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information regarding the proposed general mandates to buy back Shares and to issue Shares, the proposed re-election of Directors and the AGM Notice and to seek your approval of the Resolutions relating to these matters at the AGM.

LETTER FROM THE BOARD

GENERAL MANDATE TO BUY BACK SHARES

At the AGM, an ordinary resolution will be proposed to grant the Buy-back Mandate to the Directors, details of which are set out in Ordinary Resolution no. 4.

In accordance with the Listing Rules, an explanatory statement to provide the Shareholders with all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the resolution to approve the Buy-back Mandate is set out in Appendix I hereto.

GENERAL MANDATE TO ISSUE SHARES

An ordinary resolution will be proposed at the AGM to grant the Issue Mandate to the Directors to issue and dispose of additional Shares not exceeding 143,386,138 Shares, being 20% of the issued shares of the Company as at the date of the resolution unconditionally until the next annual general meeting. Details of which are set out in Ordinary Resolution no. 5.

In addition, an ordinary resolution will be proposed to extend the Issue Mandate which would increase the limit of the Issue Mandate by adding to it the number of Shares bought back under the Buy-back Mandate. Details of the extension of the Issue Mandate are set out in Ordinary Resolution no. 6.

PROPOSED ELECTION OF DIRECTORS

The board of directors currently consists of nine directors, namely Mr. Tang To (Chairman), Mr. Wong Yiu Ming (Executive Vice Chairman), Mr. Tang Yu, Freeman (Chief Executive Officer), Mr. Kan Wai Wah, Mr. Qu Jinping, Ms. Yeung Shuk Fan, Mr. Cheng Tak Yin, Mr. Ho Wei Sem and Mr. Huang Zhi Wei.

In accordance with Article 102 of the Articles Mr. Kan Wai Wah, Mr. Qu Jinping and Mr. Huang Zhi Wei will retire from office and, being eligible, offer themselves for re-election at the AGM. Details of the retiring Directors who are proposed to be re-elected at the AGM required to be disclosed by the Listing Rules are set out in Appendix II to this circular.

ANNUAL GENERAL MEETING

At the AGM, Resolutions will be proposed to approve the Buy-back Mandate, the Issue Mandate, the extension of the Issue Mandate and the re-election of retiring Directors. The AGM Notice is set out in pages 13 to 16 of this circular.

A form of proxy for use at the AGM is enclosed with this circular. Whether or not you are able to attend the AGM, you are requested to complete the form of proxy and return it to the registered office of the Company in accordance with the instructions printed thereon not later than 48 hours before the time fixed for holding the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the AGM or any adjourned meeting if you so desire.

LETTER FROM THE BOARD

VOTING AT THE ANNUAL GENERAL MEETING

According to rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Therefore, all the resolutions put to the vote at the AGM will be taken by way of poll pursuant to Article 73 of the Articles.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

RECOMMENDATION

The Directors consider that the granting of the Buy-back Mandate, the Issue Mandate, the extension of the Issue Mandate and the re-election of the retiring Directors are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders should vote in favour of the resolutions to be proposed at the AGM.

ADDITIONAL INFORMATION

Your attention is drawn to Appendix I hereto which is an explanatory statement as required under the Listing Rules to provide the requisite information regarding the Buy-back Mandate.

GENERAL

The translation into Chinese language of this circular is for reference only. In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

Yours faithfully,
By order of the Board
TANG To
Chairman

The following is the explanatory statement as required by the Listing Rules, to provide requisite information to you for your consideration of the Buy-back Mandate.

For the purpose of this Appendix I, the term “shares” shall be as defined in the Hong Kong Code on Share Buy-backs which mean shares of all classes and shares which carry a right to subscribe or purchase shares.

The explanatory statement also constitutes the memorandum as required under Section 239 of the Companies Ordinance.

1. LISTING RULES

The Listing Rules permit companies whose primary listings are on the Stock Exchange to buy back their fully paid-up shares on the Stock Exchange subject to certain restrictions, which include but not limited to the following:

(a) Shareholders’ Approval

The Listing Rules provide that all on-market share buy-backs by a company with its primary listings on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of a specific approval in relation to specific transactions or by a general mandate to the directors of the company to make such buy-backs.

(b) Source of Funds

Buy-backs must be made out of funds which are legally available for such purpose in accordance with the company’s constitutive documents and the laws of the jurisdiction in which the company is incorporated or otherwise established.

2. ISSUED SHARES

As at the Latest Practicable Date, the total number of issued shares of the Company was 716,930,692 Shares.

Subject to the passing of an ordinary resolution for approving the Buy-back Mandate at the AGM, and on the basis that no further Shares are issued or bought back prior to the AGM, the Company would be allowed under the Buy-back Mandate to buy back a maximum of 71,693,069 Shares, representing not more than 10% of the issued shares of the Company as at the Latest Practicable Date.

3. REASONS FOR BUY-BACK

The Directors believe that the Buy-back Mandate is in the best interests of the Company and the Shareholders. Such buy-backs may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets value and/or earnings per Share and will only be made when the Directors believe that such buy-backs will benefit the Company and the Shareholders.

4. FUNDING OF BUY-BACK

In buying back Shares, the Company may only apply funds legally available for such purpose in accordance with its articles of association and the Companies Ordinance. The Companies Ordinance provides that the amount of capital repaid in connection with a share buy-back may only be paid from the distributable profits of the company and/or the proceeds of a new issue of shares made for the purpose of the buy-back to such extent allowable under the Companies Ordinance.

There might be material adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited consolidated accounts contained in the Company's annual report for the year ended 31 December 2015 in the event that the Buy-back Mandate was to be carried out in full at any time during the proposed buy-back period. However, the Directors do not propose to exercise the Buy-back Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

5. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the previous 12 months before the Latest Practicable Date were as follows:

	Share Prices	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
April 2015	0.840	0.550
May 2015	1.000	0.670
June 2015	1.080	0.770
July 2015	0.800	0.450
August 2015	0.640	0.480
September 2015	0.530	0.470
October 2015	0.590	0.500
November 2015	0.620	0.455
December 2015	0.540	0.485
January 2016	0.530	0.400
February 2016	0.485	0.400
March 2016	0.495	0.445
April 2016 (up to the Latest Practicable Date)	0.465	0.460

6. GENERAL

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they would exercise the powers of the Company to make buy-backs pursuant to the Buy-back Mandate only in accordance with the Listing Rules, the Companies Ordinance and other applicable laws of Hong Kong.

If on the exercise of the power to buy back Shares pursuant to the Buy-back Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeover Code. As a result, a Shareholder, or a group of Shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeover Code.

As at the Latest Practicable Date, Cosmos Machinery (Holdings) Limited together with its associates were beneficially interested in 297,157,052 Shares representing approximately 41.45% of the issued share capital of the Company. These 297,157,052 Shares include 170,104,452 Shares directly held by Tai Shing Agencies Limited, an indirect wholly owned subsidiary of Cosmos Machinery (Holdings) Limited, representing approximately 23.73% of the issued share capital of the Company. If these shareholdings remain the same and in the event that the Directors exercised in full the power to buy back Shares pursuant to the Buy-back Mandate, the shareholding of Cosmos Machinery (Holdings) Limited together with its associates in the Company would be increased to approximately 46.05% of the issued share capital of the Company. Such increase would give rise to an obligation to make a mandatory offer under Rules 26 and 32 of the Takeover Code. As at the Latest Practicable Date, the Directors have no intention to exercise the Buy-back Mandate to such an extent as would trigger the obligation of mandatory offer under the Takeover Code. China Resources (Holdings) Company Limited was beneficially interested in 169,649,046 Shares representing approximately 23.66% of the issued share capital of the Company. If such shareholdings remain the same and in the event that the Directors exercised in full the power to buy back Shares pursuant to the Buy-back Mandate, the shareholding of China Resources (Holdings) Company Limited in the Company would be increased to approximately 26.29% of the issued share capital of the Company. Such increase would not give rise to an obligation to make a mandatory offer under Rules 26 and 32 of the Takeover Code. The Company may not buy back Shares which would result in the amount of Shares held by the public being reduced to less than 25%.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates (as defined in the Listing Rules) have any present intention to sell any Shares to the Company if the Buy-back Mandate is approved by the Shareholders.

No core connected persons (as defined in the Listing Rules) of the Company have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the Buy-back Mandate is approved by the Shareholders.

7. SHARE BUY-BACKS MADE BY THE COMPANY

The Company had not bought back any of the Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

The following are the particulars of the Directors who will retire from office and be proposed to be elected at the AGM to be held on 25 May 2016:

Mr. Kan Wai Wah

Position and Experience

Mr. Kan Wai Wah, aged 58, Non-Executive Director of the Company, is a Managing Director of Super Harvest Consultancy Limited. He has over 34 years of experience in the management of catering operations. Mr. Kan holds a Higher Diploma in Accountancy. He joined the Company in May 1998. Mr. Kan did not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas during the last three years.

Relationship

Mr. Kan is the son of Ms. Law Kit Fong, a substantial shareholder of the Company. Mr. Kan is a director of certain companies which are related to certain substantial shareholders of the Company within the meaning of Part XV of the SFO. Save as the above, Mr. Kan does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

Length of Service and Directors' Emolument

Mr. Kan signed an appointment letter with the Company for a specific term from 1 January 2014 to 31 December 2016 but he is subject to early termination by either party serving not less than one month's prior written notice and retirement by rotation and re-election in accordance with the Company's articles of association. The emolument received by Mr. Kan for the year ended 31 December 2015 was HK\$60,000 and such amount was determined by the Board and the remuneration committee of the Company with reference to his duties and responsibilities with the Company, the Company's performance and profitability, remuneration benchmark in the industry and the prevailing market conditions.

Interests in Shares

As at the Latest Practicable Date, Mr. Kan holds personal interest of 136,400 Shares within the meaning of Part XV of the SFO. Save as disclosed above, Mr. Kan did not have or deem to have any other interests in the Shares or underlying Shares pursuant to Part XV of the SFO.

Save as disclosed above, the Directors are not aware of any other matter relating to the re-election of Mr. Kan Wai Wah as a Non-Executive Director that needs to be brought to the attention of the Shareholders. There is no information relating to Mr. Kan that is required to be disclosed pursuant to any of the requirements of Rule 13.51(2)(h) to (w) of the Listing Rules.

Mr. Qu Jinping*Position and Experience*

Mr. Qu Jinping, aged 59, Non-Executive Director of the Company, was granted a Bachelor's degree in Engineering in 1982 by South China Institute of Technology (currently South China University of Technology), a Master's degree in Engineering in 1987 by South China University of Technology and a Doctoral degree in Engineering in 1999 by Sichuan University and was promoted to professor in 1992. He was recognized as a tutor of doctoral candidates in macromolecular material processing and light industry machinery in 1996. Since 1998, he has been serving as the chief officer of the National Engineering Research Center of Novel Equipment for Polymer Processing in South China University of Technology. He was appointed as the Vice President of South China University of Technology from December 1998 to November 2007. In March 1999, he was appointed as the special-term professor in Material Processing of the South China University of Technology by the Ministry of Education of the People's Republic of China under the Changjiang Scholars Award Program. He also served as the chief officer of the Key Laboratory of Polymer Processing Engineering of the Ministry of Education of the People's Republic of China in South China University of Technology since 2000. He was awarded a Member of the Chinese Academy of Engineering in 2011. He is concurrently a standing council member of Chinese Material Research Society, council member of Plastic Processing Association of China, council member of China Plastic Machine Association, Deputy Chairman of China Altered-Properties Plastics Association, academic committee member of State Key Laboratory of Macromolecular Materials, Chairman of Guangdong Mechanical Engineering Institute, Deputy Chairman of Guangdong Material Research Society, council member of Guangdong Inventor Association, Deputy Chief Editor of certain publications namely the World Plastics and Plastics Machinery, member of editorial committee of the Journal of South China University of Technology, the China Plastics, the Plastic Industry, the Plastics, the Engineering Plastics Application. Mr. Qu was appointed as a Non-Executive Director of the Company on 8 September 2006. Save as disclosed herewith, Mr. Qu did not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas during the last three years.

Relationship

Mr. Qu does not have any other relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

Length of Service and Directors' Emolument

Mr. Qu signed an appointment letter with the Company for a specific term from 8 September 2015 to 7 September 2018 but he is subject to early termination by either party serving not less than one month's prior written notice and retirement by rotation and re-election in accordance with the Company's articles of association. Mr. Qu will not receive any emolument from the Company.

Interest in Shares

As at the Latest Practicable Date, Mr. Qu did not have any interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, the Directors are not aware of any other matter relating to the re-election of Mr. Qu Jinping as a Non-Executive Director that needs to be brought to the attention of the Shareholders. There is no information relating to Mr. Qu that is required to be disclosed pursuant to any of the requirements of Rule 13.51(2)(h) to (w) of the Listing Rules.

Mr. Huang Zhi Wei*Position and Experience*

Mr. Huang Zhi Wei, aged 76, Independent Non-Executive Director of the Company, is currently the Executive Vice President of Guangdong General Chamber of Commerce. Mr. Huang has spent over ten years in economic-related government sectors in China. He served as the Deputy Director General of Guangdong Department of Foreign Trade & Economic Cooperation and the Director of General of Guangdong Board of Investment from 1993 to 2000 respectively. He also served as the Executive Officer of Foshan Economic Committee from 1984 to 1992. Prior to this, he worked as an engineer in Foshan Power Plant for almost 10 years and served as the Chief Engineer and Deputy General Manager of Foshan Household Electrical Appliances Corporation from 1981 to 1984. Mr. Huang graduated from the Central China University of Science and Engineering, majored in electric engineering. In the past three years, Mr. Huang had been an Independent Director of Keda Clean Energy Co. Ltd. (Former name: Keda Industrial Co. Ltd.), a company listed on The Shanghai Stock Exchange, and resigned his position on 19 August 2015. He also had been an Independent Non-executive Director of Lerado Group (Holding) Company Limited, a company listed on the Stock Exchange of Hong Kong Limited, and resigned his position on 6 February 2015. He was appointed as an Independent Non-Executive Director of the Company with effect from 2 November 2012. Save as disclosed herewith, Mr. Huang did not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas during the last three years.

Relationship

Mr. Huang does not have any other relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

Length of Service and Directors' Emolument

Mr. Huang signed an appointment letter with the Company for a specific term from 2 November 2015 to 1 November 2018 but he is subject to early termination by either party serving not less than one month's prior written notice and retirement by rotation and re-election in accordance with the Company's articles of association. Mr. Huang will not receive any emolument from the Company.

Interests in Shares

As at the Latest Practicable Date, Mr. Huang did not have any interests in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, the Directors are not aware of any other matter relating to the re-election of Mr. Huang Zhi Wei as an Independent Non-Executive Director that needs to be brought to the attention of the Shareholders. There is no information relating to Mr. Huang that is required to be disclosed pursuant to any of the requirements of Rules 13.51(2)(h) to (w) of the Listing Rules.

NOTICE OF ANNUAL GENERAL MEETING



大同機械企業有限公司

COSMOS MACHINERY ENTERPRISES LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 118)

NOTICE IS HEREBY GIVEN that the annual general meeting of Cosmos Machinery Enterprises Limited (the “Company”) will be held at Ming Room II, 4th Floor, Sheraton Hong Kong Hotel & Towers, 20 Nathan Road, Kowloon, Hong Kong on Wednesday, 25 May 2016 at 9:30 a.m. for the following purposes:

1. To receive and consider the financial statements and the directors’ and auditors’ reports of the Company for the year ended 31 December 2015.
2. To re-elect the retiring directors, the details of whom are set out in the Company’s Circular dated 19 April 2016, and to authorise the directors to fix directors’ fee.
3. To appoint Ting Ho Kwan & Chan Certified Public Accountants (practising) as auditors and to authorise the board of directors to fix their remuneration.

To consider and, if thought fit, to pass with or without amendments the following resolutions (4) to (6) as ordinary resolutions.

ORDINARY RESOLUTIONS

4. **“THAT:**
 - (a) subject to paragraph (b) of this resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to buy back shares of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the securities of the Company may be listed and is recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and/or the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
 - (b) the aggregate number of shares of the Company to be bought back by the Company pursuant to the approval in paragraph (a) of this resolution shall not exceed 10 per cent. of the total number of issued shares of the Company as at the date of the passing of this resolution and the said approval shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

- (c) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or law to be held; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution.”

5. **“THAT:**

- (a) subject to paragraph (c) of this resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of the Company and to make and grant offers, agreements and options (including warrants, bonds, debentures, notes and other securities which carry rights to subscribe for or are convertible into shares of the Company) which would or might require shares of the Company to be allotted be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this resolution shall authorise the directors of the Company during the Relevant Period to make and grant offers, agreements and options (including warrants, bonds, debentures, notes and other securities which carry rights to subscribe for or are convertible into shares of the Company) which would or might require shares of the Company to be allotted after the end of the Relevant Period;
- (c) the aggregate number of shares allotted or agreed conditionally or unconditionally to be allotted or issued (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) the exercise of rights of subscription or conversion under the terms of any existing warrants, bonds, debentures, notes or other securities issued by the Company which carry rights to subscribe for or are convertible into shares of the Company; or (iii) the exercise of options granted under any option scheme or similar arrangement for the time being adopted for the grant or issue of shares or rights to acquire shares in the Company; or (iv) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company, shall not exceed 20 per cent. of the total number of the shares of the Company in issue as at the date of the passing of this resolution and the said approval shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

(d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of associations of the Company or law to be held; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution.

“Rights Issue” means an offer of shares of the Company or issue of options, warrants or other securities giving the right to subscribe for shares of the Company open for a period fixed by the directors of the Company to holders of shares whose names appear on the register of members of the Company (and, where appropriate, to holders of other securities of the Company entitled to the offer) on a fixed record date in proportion to their then holdings of such shares of the Company (or, where appropriate, such other securities) (subject in all cases to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

6. “**THAT** subject to the passing of resolution nos. 4 and 5 set out in the notice convening this meeting, the general mandate granted to the directors of the Company to exercise the powers of the Company to allot, issue and deal with additional shares in the Company pursuant to resolution no. 5 set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the total number of shares bought back by the Company under the authority granted pursuant to the resolution no. 4 set out in the notice convening this meeting, provided that such extended amount shall not exceed 10 per cent of the total number of shares of the Company in issue as at the date of the passing of this resolution.”

By order of the Board

TANG To

Chairman

Hong Kong, 19 April 2016

NOTICE OF ANNUAL GENERAL MEETING

Registered Office:

10/F., Billion Plaza 2
No. 10 Cheung Yue Street
Cheung Sha Wan
Kowloon
Hong Kong

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
2. To be valid, a form of proxy, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority must be deposited at the registered office of the Company at 10/F, Billion Plaza 2, No. 10 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong not less than 48 hours before the time for holding the meeting or adjourned meeting or poll (as the case may be).
3. In order to determine the shareholders who are entitled to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Tuesday, 24 May 2016 to Wednesday, 25 May 2016 (both days inclusive), during which no transfer of shares will be registered. All transfer of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's share registrar, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by not later than 4:00 p.m. on Monday, 23 May 2016.
4. With regard to the proposed ordinary resolutions no. 2 and 4 to 6 set out in this notice, details of the proposed re-election of directors and the proposed general mandates to back buy and issue shares are set out in Appendices I and II of this circular.
5. This notice will also be available for viewing on the website of each of The Stock Exchange of Hong Kong Limited at <http://www.hkexnews.hk> and of the Company at <http://www.cosmel.com>.
6. As at the date of this notice, the board of directors of the Company comprises Mr. Tang To (Chairman), Mr. Wong Yiu Ming (Executive Vice Chairman) and Mr. Tang Yu, Freeman (Chief Executive Officer) as executive directors, Mr. Kan Wai Wah and Mr. Qu Jinping as non-executive directors, and Ms. Yeung Shuk Fan, Mr. Cheng Tak Yin, Mr. Ho Wei Sem and Mr. Huang Zhi Wei as independent non-executive directors.