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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

**If you have sold or transferred** all your shares in **Cosmos Machinery Enterprises Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of this circular.

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**MAJOR TRANSACTION IN RELATION TO  
THE PROPOSED DISPOSAL OF THE PROPERTY  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

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A letter from the Board is set out on pages 3 to 7 of this circular.

A notice convening the extraordinary general meeting of Cosmos Machinery Enterprises Limited to be held at 10/F, Billion Plaza 2, No. 10 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong on Friday, 28 July 2017, at 9:30 a.m. is set out on pages 15 to 16 of this circular. A form of proxy for use at the extraordinary general meeting is enclosed. Whether or not you intend to attend and vote at the extraordinary general meeting or any adjourned meeting (as the case may be) in person, you are requested to complete and return the enclosed form of proxy 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, but in any event not less than 48 hours before the time appointed for holding such meeting or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting or any adjourned meeting (as the case may be) should you so wish.

12 July 2017

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## DEFINITIONS

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*In this Circular, unless the context otherwise requires, the following expressions have the following meanings:*

“Board”	the board of Directors
“Company”	Cosmos Machinery Enterprises Limited (大同機械企業有限公司), a company incorporated in Hong Kong with limited liability and the Shares of which are listed and traded on the Stock Exchange (stock code: 118)
“Completion”	completion of the Disposal in accordance with the Transfer Contract
“Condition Precedent”	the condition precedent as set out in the Transfer Contract
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Consideration”	the sum of RMB83,000,000 payable by the Purchaser to the Vendor pursuant to the terms and conditions of the Transfer Contract
“Directors”	the directors of the Company
“Disposal”	the proposed disposal of the Property by the Vendor to the Purchaser pursuant to the terms and conditions of the Transfer Contract
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Transfer Contract and the Disposal
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	7 July 2017, 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

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## DEFINITIONS

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“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Property”	the land use right to a piece of land situated at Tanggukeng, Yinzhuling, Zhouwu Village, Dongcheng District, Dongguan City in the PRC (中國東莞市東城區周屋村銀珠嶺塘古坑地段), with a total site area of approximately 25,000 square metres, together with the buildings and facilities erected on the same
“Purchaser”	Dongguan City Dingtong Precision Metal Co., Limited* (東莞市鼎通精密五金有限公司), a company established in the PRC with limited liability and is a third party independent of the Company and its connected persons
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	share(s) of the Company
“Shareholder(s)”	holder(s) of the issued share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transfer Agreement”	the conditional real estate transfer contract (房地產轉讓合同) entered into between the Vendor and the Purchaser dated 4 July 2017 relating to the Disposal
“Vendor”	Dongguan Resident Representative Office of MS PLASTICORP (科克群島群力實業有限公司*東莞代表處), being the resident representative office of MS PLASTICORP, an indirect wholly-owned subsidiary of the Company, in Dongguan City of the PRC

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## LETTER FROM THE BOARD

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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:*

Mr. Tang To  
Mr. Wong Yiu Ming  
Mr. Tang Yu, Freeman

*Non-executive Directors:*

Mr. Kan Wai Wah  
Mr. Qu Jinping

*Independent Non-executive Directors:*

Ms. Yeung Shuk Fan  
Mr. Cheng Tak Yin  
Mr. Ho Wei Sem  
Mr. Huang Zhi Wei

*Registered office:*

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

12 July 2017

*To all Shareholders*

Dear Sir or Madam,

**MAJOR TRANSACTION IN RELATION TO  
THE PROPOSED DISPOSAL OF THE PROPERTY  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 4 July 2017 in respect of the Disposal in which the Board announced that the Vendor and the Purchaser entered into the Transfer Contract dated 4 July 2017, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Property at the Consideration of RMB83,000,000, subject to and upon the terms and conditions as set out in the Transfer Contract.

The purpose of this circular is to provide you with further information regarding the Disposal under the Transfer Contract and the transactions contemplated thereunder and to provide you with the financial information of the Group.

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## LETTER FROM THE BOARD

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### THE TRANSFER CONTRACT

The salient terms of the Transfer Contract are as follows:

#### Date

4 July 2017

#### Parties

Vendor: Dongguan Resident Representative Office of MS PLASTICORP (科克群島群力實業有限公司\*東莞代表處), being the resident representative office of MS PLASTICORP, an indirect wholly-owned subsidiary of the Company, in Dongguan City of the PRC

Purchaser: Dongguan City Dingtong Precision Metal Co., Limited\* (東莞市鼎通精密五金有限公司)

The Purchaser is a company established in the PRC with limited liability and is principally engaged in the production and sales of connectors for electronic industries.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this circular, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

#### Assets to be disposed of

The asset to be disposed of under the Transfer Contract consist of the land use right to a piece of land at Tanggukeng, Yinzhuling, Zhouwu Village, Dongcheng District, Dongguan City in the PRC (中國東莞市東城區周屋村銀珠嶺塘古坑地段), with a total site area of approximately 25,000 square metres, together with the buildings and the facilities erected on the same.

#### Consideration

The amount of the Consideration is RMB83,000,000 and shall be payable by the Purchaser to the Vendor by bank transfer in the following manner:

- (i) prior to the signing of the Transfer Contract, the Purchaser has paid RMB20,000,000 to the Vendor, of which RMB10,000,000 shall be treated as deposit;
- (ii) within 7 days after the issue by the real estate exchange centre of a notice acknowledging the receipt of the information for registration of title transfer, the Purchaser shall pay RMB61,000,000 (the "**Second Instalment**") to the Vendor; and
- (iii) within 7 days after obtaining by the Purchaser of the real estate title certificates in relation to the Property (except the facilities thereof) from the real estate exchange centre, the Purchaser shall pay the remaining RMB2,000,000 to the Vendor.

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## LETTER FROM THE BOARD

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### **Basis of Consideration**

The Consideration for the Disposal was arrived at arm's length negotiations between the parties to the Transfer Contract after taking into consideration of various factors, such as the current market value of the Property, related statutory expenses, taxes and professional fee etc.

### **Condition Precedent**

The Transfer Contract is conditional upon the satisfaction of the passing by the Shareholders at the EGM of an ordinary resolution to approve the Transfer Contract and the transactions contemplated thereunder.

If the above Condition Precedent has not been satisfied within 60 days after the date of the Transfer Contract (or any other date as may be mutually agreed by the parties to the Transfer Contract), the parties to the Transfer Contract will be released from, and will not be required to perform, their obligations under the Transfer Contract save for any antecedent breaches. The Vendor will then have to refund to the Purchaser the deposits already paid by it without interest.

### **Completion of the Disposal**

Completion shall take place after the Purchaser has paid the Second Instalment to the Vendor.

### **INFORMATION OF THE GROUP**

The Group is principally engaged in the business of (i) machinery manufacturing, (ii) plastic products and processing, (iii) printed circuit board processing and trading and (iv) industrial consumables trading.

### **INFORMATION OF THE VENDOR**

MS PLASTICORP is a company incorporated in the Cook Islands with limited liability and an indirect wholly-owned subsidiary of the Company. Its resident representative office in Dongguan City of the PRC is principally engaged in holding and managing the Property.

### **INFORMATION OF THE PURCHASER**

The Purchaser is a company established in the PRC with limited liability and is principally engaged in production and sales of connectors for electronic industries.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this circular, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

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## LETTER FROM THE BOARD

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### REASONS AND BENEFITS FOR THE DISPOSAL

Taking into account of the financial resources to be generated from the Disposal and the current property market conditions in the PRC, the Directors are of the view that the Disposal gives a good opportunity for the Company to realise its investment with operating cashflow and it is in the interests of the Group to dispose of the Property pursuant to the terms and conditions of the Transfer Contract.

Based on the above and the negotiations with the Purchaser on arm's length basis, the Directors consider that the terms and conditions of the Transfer Contract are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

After deducting expenses relating to the Disposal, it is expected that the Company will have an amount of net proceeds of approximately RMB47,710,000.

### USE OF THE PROCEEDS FROM THE DISPOSAL

The proceeds from the Disposal will be used for general working capital of the Group.

### FINANCIAL EFFECT OF THE DISPOSAL

The net book value of the Property as at the date of the latest audited financial statements, that is 31 December 2016, amounted to RMB19,610,000. Based on the Consideration of RMB83,000,000, the Group is expected to recognize a gain (net of related statutory costs and other expenses) of approximately RMB28,100,000 from the Disposal following the Completion. Such gain will be reflected in the financial results of the Group for the second half of 2017.

### IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratio exceed 25% but below 75%, the Disposal will, if implemented, constitute a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the requirement of reporting, announcement and approval of the Shareholders at the EGM.

To the best of knowledge, information and belief of the Directors after having made all reasonable enquiries, no Shareholder has material interest in the Transfer Contract and the transactions contemplated thereunder and thus no Shareholder would be required to abstain from voting on the resolution for approving the Disposal at the EGM.

To the best of knowledge, information and belief of the Directors after having made all reasonable enquiries, there is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon its ultimate beneficial owners and their respective associates; and (ii) no obligation or entitlement of its ultimate beneficial owners and their respective associates as at the Latest Practicable Date, whereby it or he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its or his shares of the Company to a third party, either generally or on a case-by-case basis.



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## LETTER FROM THE BOARD

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### EGM

The Company will convene the EGM at 10/F, Billion Plaza 2, No. 10 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong on Friday, 28 July 2017 at 9:30 a.m. at which resolution will be proposed for the purpose of considering and if thought fit, approving the Disposal and the transactions contemplated thereunder. The notice of the EGM is set out on pages 15 to 16 of this circular. A form of proxy for use in connection with the EGM is enclosed with this circular.

Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible to the Company's registered office and in any event by no later than 48 hours before the time appointed for the holding of the EGM (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM should you so wish. If you attend and vote at the EGM, the authority of your proxy will be revoked.

Pursuant to Rule 13.39(4) of the Listing Rules, voting by the Shareholders at the EGM will be by poll.

### CLOSURE OF REGISTER OF MEMBERS

For the purpose of determination of entitlement to attend and vote at the EGM to be held on Friday, 28 July 2017, the register of members of the Company will be closed from Tuesday, 25 July 2017 to Friday, 28 July 2017, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the EGM, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 24 July 2017.

### RECOMMENDATIONS

The Board considers that the Transfer Contract and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the resolution to approve the Transfer Contract and the transactions contemplated thereunder at the EGM.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

By Order of the Board  
**Cosmos Machinery Enterprises Limited**  
**TANG To**  
*Chairman*

\* For identification purposes only

**1. FINANCIAL INFORMATION OF THE GROUP**

Financial information of the Group for each of the three years ended 31 December 2014, 2015 and 2016 was disclosed in the annual reports of the Company for the years ended 31 December 2014, 2015 and 2016, respectively, all of which can be found on the websites of the Stock Exchange (<http://www.hkex.com.hk>) and the Company (<http://www.cosmel.com>).

**2. STATEMENT OF INDEBTEDNESS****Borrowings**

At the close of business on 31 March 2017, being the latest practicable date for the purpose of this indebtedness statement prior to printing of this Circular, the Group had (i) secured and guaranteed interest-bearing borrowings from financial institutions of approximately HK\$95,000,000; and (ii) unsecured and guaranteed interest-bearing borrowings from financial institutions of approximately HK\$261,000,000. These borrowings are denominated in Hong Kong Dollars and Renminbi.

**Contingent liabilities**

A dispute claim for outstanding payment of USD1,050,000 (approximately HK\$8,123,000) was brought by the vendor of KFE Hong Kong Co., Limited (“KFE”) to a subsidiary of the Group in relating to an alleged breach of payment obligations for the consideration as agreed pursuant to the sale and purchase agreement for the acquisition of the entire issued share capital of KFE in 2013. The directors, based on the advice from the legal counsel, believe that the subsidiary has a valid defence against the claim and, accordingly, has not provided for a claim arising from the litigation, other than the related legal and other costs. The Group has assessed the claim and considered that the ultimate outcome of such litigation will not have a material adverse effect on the financial position of the Group.

Save as disclosed above and apart from intra-group liabilities, the Group did not have any outstanding mortgages, charges, debt securities, term loans and overdrafts, hire purchase commitments, liabilities under acceptances (other than normal trade bills) or acceptance credits, other borrowings or indebtedness in the nature of borrowings or any guarantees or other material contingent liabilities as at the close of business on 31 March 2017.

**3. WORKING CAPITAL**

The Directors, after due and careful consideration, are of the opinion that, after taking into account the financial resources available to the Group, including its internally generated funds, the available credit loan facilities, the Group has sufficient working capital for its present requirements for at least twelve months from the date of this Circular in the absence of unforeseeable circumstances.

**4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

The Company is an investment holding company whose subsidiaries are principally engaged in the business of (i) machinery manufacturing, (ii) plastic products and processing, (iii) printed circuit board processing and trading, and (iv) industrial consumables trading.

The Directors believe the Disposal gives a good opportunity for the Company to realise its investment with operating cashflow.

The Group will continue to prudently seek investment opportunities, with a view to further expanding the Group's sources of revenue, enhancing the Group's profit and maximizing the return for the Shareholders.

## 1. 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 Company. 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.

## 2. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES IN EQUITY OR DEBT SECURITIES

As at the Latest Practicable Date, the interests and short positions of each Director, chief executives of the Company and their respective associates in the Shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); or were required pursuant to Section 352 of the SFO to be entered into the register referred to therein; or were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange are set out below:

### a. Long positions in Shares as at the Latest Practicable Date:

Name of Directors	Number of shares held				Total	Approximate % of total issued shares of the Company
	Personal Interests	Family Interests	Corporate Interests	Other Interests		
Tang To (“Mr. Tang”)	4,970,000	2,000 <i>(Note 2)</i>	300,617,458 <i>(Note 1)</i>	224,000 <i>(Note 3)</i>	305,813,458	42.66
Wong Yiu Ming	9,468,000	–	–	–	9,468,000	1.32
Kan Wai Wah	136,400	–	–	–	136,400	0.02
Cheng Tak Yin	1,406,000	–	–	–	1,406,000	0.20

*Notes:*

- 3,460,406 Shares of those 300,617,458 Shares were held by Ginta Company Limited (“Ginta”) which is wholly owned by a company which in turn is owned as to 50% by Mr. Tang and 50% by his spouse. Mr. Tang was deemed to be interested in the remaining 297,157,052 Shares of those 300,617,458 Shares under the SFO through his deemed interests in Codo Development Limited (“Codo”).

Codo through its wholly owned subsidiaries, Cosmos Machinery (Holdings) Limited (“Cosmos Holdings”) and Tai Shing Agencies Limited (“Tai Shing”), was deemed to be interested in 297,157,052 Shares. Codo is incorporated in Hong Kong and is owned as to (i) 25.06% by Keepsound Investments Limited (“Keepsound”), a Hong Kong company controlled by Saniwell Holding Inc., a trustee of The Saniwell Trust, (ii) 8.37% by Elegant Power Enterprises Limited (“Elegant Power”); (iii) 30.25% by Friendchain Investments Limited (“Friendchain”), a Hong Kong company controlled as to 40% by Elegant Power, as to 57.42% by Saniwell Holding Inc. and as to 2.58% by Fullwin Limited (“Fullwin”); (iv) 16.09% by Yik Wan Company Limited (“Yik Wan”); and (v) 20.23% by five individuals and two limited companies.

2. These 2,000 Shares were held by the spouse of Mr. Tang.
3. These 224,000 Shares were jointly held by Mr. Tang and his spouse.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, chief executives of the Company and their respective associates had any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); or were required pursuant to Section 352 of the SFO to be entered into the register referred to therein; or were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

### 3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors and chief executives of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or a short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

#### (i) Interest in the Shares

Long positions in Shares and underlying shares of equity derivatives of the Company as at the Latest Practicable Date:

Name of substantial shareholders	Number of shares held		Total	Approximate % of total issued shares of the Company
	Direct Interests	Deemed Interests		
Law Kit Fong	–	297,157,052 <i>(Note 1)</i>	297,157,052	41.45
Codo	–	297,157,052 <i>(Note 2)</i>	297,157,052	41.45
Cosmos Holdings	127,052,600	170,104,452 <i>(Note 3)</i>	297,157,052	41.45
Tai Shing	170,104,452	–	170,104,452	23.73
Saniwell Holding Inc.	–	297,157,052 <i>(Note 4)</i>	297,157,052	41.45
China Resources (Holdings) Company Limited	169,649,046 <i>(Note 5)</i>	–	169,649,046	23.66

*Notes:*

1. Ms. Law Kit Fong is deemed to be interested in the block of 297,157,052 Shares through her direct and indirect interests in Elegant Power and Codo. Codo through its wholly owned subsidiaries, Cosmos Holdings and Tai Shing, was deemed to be interested in 297,157,052 Shares. Codo is owned as to 30.25% by Friendchain (which is owned as to 40% by Elegant Power) and 8.37% by Elegant Power (which is wholly owned by Ms. Law Kit Fong).
2. Codo is interested in 297,157,052 Shares through its wholly owned subsidiaries, Cosmos Holdings and Tai Shing. Codo is owned as to (i) 25.06% by Keepsound, a Hong Kong company controlled by Saniwell Holding Inc., a trustee of The Saniwell Trust; (ii) 8.37% by Elegant Power, which is wholly-owned by Ms. Law Kit Fong; (iii) 30.25% by Friendchain, which is owned as to 40% by Elegant Power, as to 57.42% by Saniwell Holding Inc. and as to 2.58% by Fullwin; (iv) 16.09% by Yik Wan; and (v) 20.23% by five individuals and two limited companies.
3. Cosmos Holdings was deemed to be interested in 170,104,452 Shares through its subsidiary, Tai Shing.
4. Saniwell Holding Inc. was deemed to be interested in the block of 297,157,052 Shares under the SFO through its deemed interests in Codo. Codo is owned as to (i) 25.06% by Keepsound, a Hong Kong company controlled by Saniwell Holding Inc., a trustee of The Saniwell Trust; (ii) 8.37% by Elegant Power; (iii) 30.25% by Friendchain which is owned as to 40% by Elegant Power, as to 57.42% by Saniwell Holding Inc. and as to 2.58% by Fullwin; (iv) 16.09% by Yik Wan; and (v) 20.23% by five individuals and two limited companies.
5. As shown by the latest interest disclosure information maintained pursuant to Part XV of the SFO provided to the Company by China Resources National Corporation, China Resources Co., Limited and CRC Bluesky Limited, the above three companies were deemed to be interested in the Shares owned by China Resources (Holdings) Company Limited.

Save as disclosed herein, as at the Latest Practicable Date, there was no other person so far as was known to the Directors and chief executives of the Company (other than a Director or chief executive of the Company) had an interest or a short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

#### **4. DIRECTORS' SERVICES CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which was not expiring or determinable within one year without payment of compensation (other than statutory compensation).

#### **5. LITIGATION**

So far as the Directors are aware, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or arbitration of material importance was pending or threatened against the Company or any of its subsidiaries as at the Latest Practicable Date.

**6. OTHER INTERESTS OF THE DIRECTORS**

As at the Latest Practicable Date:

- (a) none of the Directors had any direct or indirect interest in any assets which have, since 31 December 2016, being the date to which the latest published audited consolidated financial statements of the Group were made up, been acquired or disposed of by, or leased to, or were proposed to be acquired or disposed of by, or leased to any member of the Group; and
- (b) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which contract or arrangement was subsisting as at the date of this circular and which was significant in relation to the business of the Group as a whole.

**7. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors or their respective close associates was interested directly or indirectly in any business, apart from their interest in the Company, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

**8. MATERIAL CONTRACTS**

None of the members of the Group had within the two years immediately preceding the date of this circular entered into any contract (not being contracts entered into in the ordinary course of business of the Group) which are or may be material.

**9. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2016, being the date to which the latest published audited consolidated financial statements of the Group were made up.

**10. GENERAL**

- (a) The registered office and the principal place of business of the Company is at 10/F, Billion Plaza 2, No. 10 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong
- (b) The joint company secretaries of the Company are Ms. Mak Po Man and Mr. Yeung Yuk Lun, the chief financial officer of the Group. Mr. Yeung Yuk Lun is an associate member of the Hong Kong Institute of Certified Public Accountants and the Taxation Institute of Hong Kong.
- (c) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

**11. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours (Saturdays and public holidays excepted) at 10/F, Billion Plaza 2, No. 10 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong from the date of this circular up to and including the date which is 14 days from the date of this circular:

- (a) articles of association of the Company;
- (b) the annual reports of the Company for two years ended 31 December 2015 and 31 December 2016 respectively; and
- (c) the Transfer Contract.



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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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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 OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the extraordinary general meeting of Cosmos Machinery Enterprises Limited (“**Company**”) will be held at the 10/F, Billion Plaza 2, No. 10 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong on Friday, 28 July 2017 at 9:30 a.m. for the purposes of considering and, if thought fit, passing, with or without modifications, the following resolution as an ordinary resolutions

#### ORDINARY RESOLUTION

“**THAT**

- (a) the conditional real estate transfer contract dated 4th July 2017 (the “**Transfer Contract**”) entered into between Dongguan Resident Representative Office of MS PLASTICORP (科克群島群力實業有限公司\*東莞代表處), the resident representative office of MS PLASTICORP, an indirect wholly-owned subsidiary of the Company in Dongguan City of the PRC, as the vendor, and Dongguan City Dingtong Precision Metal Co., Limited\* (東莞市鼎通精密五金有限公司) as the purchaser relating to the proposed disposal of the land use right to a piece of land situated at Tanggukeng, Yinzhuling, Zhouwu Village, Dongcheng District, Dongguan City in the PRC (中國東莞市東城區周屋村銀珠嶺塘古坑地段) together with the buildings and the facilities erected on the same (a copy of the Transfer Contract marked “A” has been produced to the meeting and signed by the chairman of the meeting for the purpose of identification) and the transactions contemplated thereunder and all other matters of and incidental thereto or in connection therewith be and are hereby approved, ratified and confirmed;
- (b) any one director of the Company be and is hereby authorised for and on behalf of the Company, among other matters, to sign, seal, execute, perfect, deliver, do or to authorise signing, executing, perfecting and delivering and doing all such documents, deeds, acts, matters and things as he/she may in his/her discretion consider necessary, expedient or desirable to give effect to and implement the terms of the Transfer Contract and to make and agree such variations of a minor or non-material nature in or to the terms of the Transfer Contract as he/she may in his/her discretion consider to be desirable and in the interests of the Company.”

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

Hong Kong, 12 July 2017

\* *For identification purpose*

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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*Principal place of business in Hong Kong:*

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 above meeting (or at any adjournment thereof) is entitled to appoint another person as his proxy to attend and vote in his stead. A proxy need not be a member of the Company.
2. Where there are joint registered holders of any shares, any one of such persons may vote at the above meeting (or at any adjournment thereof), either personally or by proxy, in respect of such shares as if he were solely entitled thereto; but if more than one of such joint holders be present at the above meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
3. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority (such certification to be made by either a notary public or a solicitor qualified to practise in Hong Kong), must be deposited with 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 fixed for holding the above meeting or any adjournment thereof.
4. For the purpose of determination of entitlement to attend and vote at the EGM to be held on Friday, 28 July 2017, the register of members of the Company will be closed from Tuesday, 25 July 2017 to Friday, 28 July 2017, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the EGM, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 24 July 2017.
5. Completion and return of the form of proxy will not preclude a member from attending and voting in person at the EGM or any adjourned meeting (as the case may be) should he so wish.
6. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.

*As at the date of this notice, the Board of Directors of the Company comprises nine directors, of which three are executive directors, namely Mr. Tang To, Mr. Wong Yiu Ming and Mr. Tang Yu, Freeman, 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.*