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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 your 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 together with the enclosed form of proxy, to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

### PROPOSALS FOR GENERAL MANDATES TO ISSUE AND BUY BACK SHARES, RE-ELECTION OF RETIRING DIRECTORS AND NOTICE OF ANNUAL GENERAL MEETING

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A notice of annual general meeting of Cosmos Machinery Enterprises Limited to be held at Conference Room, 31/F., Billion Plaza, No. 8 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong on Thursday, 24 June 2021 at 9:30 a.m. is set out on pages 18 to 22 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof (i.e. at or before 9:30 a.m. on Tuesday, 22 June 2021). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish.

#### PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING

Please see pages 1 and 2 of this circular in relation to measures to be taken to prevent and control the spread of the 2019 novel coronavirus disease (COVID-19) at the Annual General Meeting, including:

- compulsory body temperature checks and health declarations
- wearing of surgical face masks
- no serving of refreshment or drinks

Any Shareholder who refuses to co-operate with the precautionary measures will not be admitted to the venue. For the health and well-being of the Shareholders, the Company would like to encourage Shareholders to exercise their right to vote at the Annual General Meeting by appointing the chairman of the Annual General Meeting as their proxy and to return their proxy forms by the time specified above, instead of attending the Annual General Meeting in person.

29 April 2021

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## **PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING**

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Reference is made to the “Joint Statement in relation to General Meetings in light of the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation” jointly issued by the Stock Exchange and the SFC on 1 April 2020 in relation to the arrangement of the general meeting.

### **VOTING BY PROXY IN ADVANCE OF THE ANNUAL GENERAL MEETING**

The Company does not in any way wish to diminish the opportunity available to the Shareholders to exercise their rights and to vote, but is conscious of the pressing need to protect the Shareholders from possible exposure to the COVID-19 pandemic. For the health and safety of the Shareholders, the Company would like to encourage Shareholders to exercise their right to vote at the Annual General Meeting by appointing the chairman of the Annual General Meeting as their proxy instead of attending the Annual General Meeting in person. Physical attendance is not necessary for the purpose of exercising Shareholders’ rights. Completion and return of the proxy form will not preclude the Shareholders from attending and voting in person at the Annual General Meeting or any adjournment thereof should they subsequently so wish.

### **PREVENTIVE MEASURES AT THE ANNUAL GENERAL MEETING**

The Company will implement the following preventive measures at the Annual General Meeting to safeguard the health and safety of the attending Shareholders, staff and other stakeholders:

- (i) compulsory body temperature checks will be conducted on every Shareholder, proxy and other attendee at the entrance of the Annual General Meeting venue. Any person with a body temperature of over 37.3 degrees Celsius will be requested to stay in an isolated place for completing the voting procedures;
- (ii) every attendee will be required to wear a surgical face mask throughout the Annual General Meeting. Please note that no masks will be provided at the Annual General Meeting venue and attendees should bring and wear their own masks;
- (iii) seating at the Annual General Meeting will be arranged so as to reduce interaction between participants;

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## PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING

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- (iv) attendees will be accommodated in separate partitioned rooms or areas of not more than 20 persons (or such number as may be allowed under the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation (Chapter 599G of the Laws of Hong Kong)) each; and
- (v) no refreshments or drinks will be served.

In the interest of all stakeholders' health and safety and consistent with recent guidelines for prevention and control of COVID-19, the Company reminds all Shareholders that physical attendance in person at the Annual General Meeting is not necessary for the purpose of exercising voting rights. As an alternative, by using form of proxy with voting instructions inserted, Shareholders may appoint the chairman of the Annual General Meeting as their proxy to vote on the relevant resolutions at the Annual General Meeting instead of attending the Annual General Meeting in person. The completion and return of a form of proxy for the Annual General Meeting will not preclude you from attending and voting in person at the relevant meeting or any adjournment thereof, should you so wish. In the event that you attend and vote at the relevant meeting or any adjournment thereof after having lodged your form(s) of proxy, the returned form(s) of proxy will be deemed to have been revoked.

The form of proxy can be downloaded from the Company's website at [www.cosmel.com](http://www.cosmel.com) and the website of the Stock Exchange at <https://www.hkexnews.hk>. If you are not a registered Shareholder (if your Shares are held via banks, brokers, custodians or Hong Kong Securities Clearing Company Limited), you should consult directly with your banks or brokers or custodians (as the case may be) to assist you in the appointment of proxy.

The Company will closely monitor the development of the COVID-19 pandemic and any regulations or measures introduced or to be introduced by the Hong Kong Government in relation to COVID-19 pandemic. The Company will ensure that the Annual General Meeting will be conducted in compliance with the regulations or measures of the Hong Kong Government and Shareholders will not be deprived of their right of voting on the resolutions to be proposed at the Annual General Meeting. Further announcements will be made by the Company as soon as possible if there is any update to the preventive measures as mentioned above.

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## DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be held at Conference Room, 31/F., Billion Plaza, No. 8 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong on Thursday, 24 June 2021 at 9:30 a.m., the notice of which is set out on pages 18 to 22 of this circular, or where the context so admits, any adjournment of such annual general meeting
“Articles”	the articles of association of the Company, as from time to time amended in accordance with the Companies Ordinance
“associates”	has the same meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended from time to time
“Company”	Cosmos Machinery Enterprises Limited, a company incorporated in Hong Kong with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“core connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the same meaning as ascribed to it under the Listing Rules
“Directors”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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## DEFINITIONS

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“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	22 April 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Nomination Committee”	nomination committee of the Company
“SFC”	Security and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of the Company
“Shareholder(s)”	the holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the same meaning as ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	per cent

References to times and dates in this circular are to Hong Kong times and dates.

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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:*

Tang To (*Chairman*)

Tang Yu, Freeman (*Chief Executive Officer*)

*Non-executive Directors:*

Kan Wai Wah

Qu Jinping

*Independent Non-executive Directors:*

Yeung Shuk Fan

Cheng Tak Yin

Ho Wei Sem

Huang Zhi Wei

*Registered Office:*

10/F., Billion Plaza 2

No. 10 Cheung Yue Street

Cheung Sha Wan

Kowloon

Hong Kong

29 April 2021

*To the Shareholders*

Dear Sir or Madam,

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

**1. INTRODUCTION**

The purpose of this circular is to provide the Shareholders with details regarding the proposals for granting of general mandates for the issuance of Shares and Shares buy-backs, and re-election of retiring Directors. Such proposals will be dealt with at the Annual General Meeting.

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## LETTER FROM THE BOARD

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### 2. GENERAL MANDATES TO ISSUE AND BUY BACK SHARES

At the Annual General Meeting, separate ordinary resolutions will be proposed to renew the general mandates given to the Directors (i) to allot, issue and otherwise deal with Shares not exceeding in aggregate 20% of the total number of Shares in issue at the date of passing of such resolution; (ii) to buy back Shares not exceeding 10% of the total number of Shares in issue at the date of passing of such resolution; and (iii) to add the aggregate number of the Shares bought back by the Company to the general mandate to the Directors to allot new Shares of up to 20% of the total number of Shares in issue.

The mandates to issue and buy back Shares granted at the annual general meeting of the Company held on 12 June 2020 will lapse at the conclusion of the Annual General Meeting. Resolutions 4 and 5 set out in the notice of Annual General Meeting will be proposed at the Annual General Meeting to renew these mandates. With reference to these resolutions, the Directors wish to state that they have no present intention to buy back any Shares or to issue any new Shares pursuant to the relevant mandates.

Based on 861,930,692 Shares in issue of the Company as at the Latest Practicable Date and assuming that there is no change to the number of issued Shares prior to the Annual General Meeting, subject to the passing of the relevant ordinary resolutions to approve the mandate to issue Shares at the Annual General Meeting, the Directors will be authorised to allot and issue up to a limit of 172,386,138 Shares under the general mandate to issue Shares. If approved by the Shareholders at the Annual General Meeting, the general mandate to issue Shares will continue in force until the earlier of (i) the conclusion of the next annual general meeting of the Company following the passing of the resolution referred to herein; or (ii) the revocation or variation of the general mandate to issue Shares by an ordinary resolution of the Shareholders at general meeting.

The explanatory statement, required by the rule 10.06(1)(b) of the Listing Rules to be sent to the Shareholders in connection with the proposed general mandate to buy back the Shares (the “**Share Buy-back Mandate**”) is set out in the Appendix I to this circular which contains all the information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolutions.



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## LETTER FROM THE BOARD

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### 3. RE-ELECTION OF RETIRING DIRECTORS

In accordance with article 102 of the Articles, the Directors are subject to retirement by rotation and re-election at the Annual General Meeting. Messrs. Tang To (executive Director), Kan Wai Wah (non-executive Director), and Cheng Tak Yin (independent non-executive Director) will retire from office by rotation and, being eligible, offer themselves for re-election at the Annual General Meeting. Details of the above Directors who are required to be disclosed under the Listing Rules are set out in Appendix II of this circular.

The Nomination Committee, having reviewed the Board's composition, nominated Messrs. Tang To, Kan Wai Wah and Cheng Tak Yin to the Board for it to recommend to the Shareholders for re-election at the Annual General Meeting. Mr. Tang To and Mr. Cheng Tak Yin, both Nomination Committee members, abstained from voting at the Nomination Committee meeting when their own nomination were being considered.

The nominations were made in accordance with the policy for nomination of a Director of the Company and the Board diversity policy of the Company, after having considered a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, regional and industry experience, skills, knowledge and length of service. The Nomination Committee and the Board have also taken into account their respective contributions to the Board and their commitment to their roles.

The Nomination Committee is of the view that Mr. Cheng Tak Yin has extensive experience to provide diversified perspective of view towards major corporate decision, the re-election of Mr. Cheng Tak Yin as an independent non-executive Director will supplement the professional background of the Board members. As such, the Nomination Committee nominated Mr. Cheng Tak Yin to the Board for the Board to recommend to the Shareholders to re-elect Mr. Cheng Tak Yin at the Annual General Meeting.

The Company has received confirmation from Mr. Cheng Tak Yin of his independence pursuant to rule 3.13 of the Listing Rules. Although Mr. Cheng Tak Yin has served the Board for more than nine years, he has not engaged in any executive management of the Group for over ten years, and his familiarity with the Company's business may place him in a better position to contribute independent views to the Company. Taking into consideration of Mr. Cheng Tak Yin's independent scope of works in the past years, there is no evidence that length of tenure is having an adverse impact on his independence. The Board therefore considers that Mr. Cheng Tak Yin, an independent non-executive Director, remains independent for re-election and will continue to bring valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning and diversity.

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## **LETTER FROM THE BOARD**

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Accordingly, with the recommendation of the Nomination Committee, the Board has proposed that all the retiring Directors, namely Mr. Tang To, Mr. Kan Wai Wah and Mr. Cheng Tak Yin stand for re-election at the Annual General Meeting.

At the Annual General Meeting, resolutions 2(a), 2(b) and 2(c) will be proposed to re-elect the retiring Directors, and details of them who are required to be disclosed under the Listing Rules are set out in Appendix II to this circular.

Under the resolutions 2(a), 2(b) and 2(c), the re-election of the above Directors will be individually voted by Shareholders.

#### **4. ANNUAL GENERAL MEETING**

A notice of the Annual General Meeting is set out in this circular. At the Annual General Meeting, in addition to the ordinary businesses of the meeting, resolutions will be proposed to approve the general mandates for the issue Shares and buy back by the Company of its own Shares.

A form of proxy for the Annual General Meeting is enclosed herewith. Whether or not you are able to attend the Annual General Meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable and in any event not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof (i.e. at or before 9:30 a.m. on Tuesday, 22 June 2021). 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 should you so wish.

#### **5. VOTING BY POLL AT THE ANNUAL GENERAL MEETING**

Pursuant to rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the Chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, each of the resolutions set out in the notice of the Annual General Meeting will be taken by way of poll. The Chairman would explain the detailed procedures for conducting a poll at the Annual General Meeting. The results of the poll will be published on the websites of the Stock Exchange and the Company respectively subject to the Listing Rules.

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## LETTER FROM THE BOARD

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### 6. 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.

### 7. RECOMMENDATION

The Board is of the opinion that the proposals referred to above are in the best interests of the Company and its Shareholders as a whole and therefore recommend you to vote in favour of the resolutions in respect of the proposals for granting of general mandates for the issuance of Shares and Share buy-backs and re-election of retiring Directors to be proposed at the Annual General Meeting.

Yours faithfully,  
For and on behalf of the Board  
**TANG To**  
*Chairman*

This appendix serves as the explanatory statement required under rule 10.06(1)(b) of the Listing Rules to provide you with the information necessary for your consideration of the proposed Share Buy-back Mandate to be granted to the Directors. It also forms the memorandum of the terms of the proposed buy-back required under section 239(2) of the Companies Ordinance.

## **1. SHARE CAPITAL**

As at the Latest Practicable Date, the total number of issued Shares of the Company comprised 861,930,692 Shares. On the basis that no further Shares are bought back before the conclusion of the Annual General Meeting and that no further Shares are issued prior to the Annual General Meeting, the Company would be allowed to buy back a total of 86,193,069 Shares, representing 10% of the total number of Shares in issue.

## **2. REASONS FOR SHARE BUY-BACKS**

The Directors believe that it is in the best interests of the Company and the Shareholders to have a general authority from Shareholders to enable the Directors to buy back Shares in the market. Such buy-back may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per Share and will only be made when the Directors believe that such buy-back will benefit the Company and the Shareholders.

## **3. SOURCE OF FUNDS**

In buying back Shares, the Company may only apply funds legally available for such purpose in accordance with the Articles and the applicable laws of Hong Kong. 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 fresh issue of Shares made for the purpose of the buy-back to such an extent allowable.

## **4. IMPACT ON THE WORKING CAPITAL OR GEARING POSITION**

The exercise in full of the Share Buy-back Mandate might have a material adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited financial statements contained in the Company's annual report for the year ended 31 December 2020. However, the Directors do not propose to exercise the Share Buy-back Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital or gearing position of the Company unless the Directors consider that such buy-backs are in the best interests of the Company notwithstanding such material adverse effect.

**5. GENERAL**

- (i) The Directors have undertaken to the Stock Exchange that, so far as the same may be applied, they will exercise the Share Buy-back Mandate in accordance with the Listing Rules and the applicable laws of Hong Kong.
- (ii) None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates has any present intention to sell any Shares to the Company or its subsidiaries.
- (iii) No other core connected persons 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 Share Buy-back Mandate is approved by the Shareholders.
- (iv) If on exercise of the power to buy back Shares pursuant to the Share 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 purposes of the Takeovers Code. As a result, a shareholder or a group of shareholders acting in concert could obtain or consolidate control of the Company and thereby become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code.

As at the Latest Practicable Date, Saniwell Holding Inc., Cosmos Machinery (Holdings) Limited and its indirect wholly-owned subsidiary Tai Shing Agencies Limited, and Ginta Company Limited held 450,813,463 Shares representing approximately 52.30% of the total number of Shares in issue of the Company. In the event that the Directors exercise in full the Share Buy-back Mandate which is to be approved by the Shareholders and no further Shares are issued during the proposed buy-back period, the aggregate shareholding in the Company of Saniwell Holding Inc., Cosmos Machinery (Holdings) Limited and its indirect wholly-owned subsidiary Tai Shing Agencies Limited, and Ginta Company Limited will increase to approximately 58.11% of the total number of Shares in issue of the Company. The Directors are not aware of such an increase would give rise to an obligation to make a mandatory offer under the Takeovers Code if the Share Buy-Back Mandate was to be exercised in full.

- (v) During the six months immediately preceding the Latest Practicable Date, neither the Company nor any of its subsidiaries otherwise purchased, sold or redeemed any of the Company's listed Shares.

**6. SHARE PRICES**

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

	Share Prices	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
April 2020	0.280	0.210
May 2020	0.300	0.275
June 2020	0.385	0.280
July 2020	0.440	0.380
August 2020	0.410	0.335
September 2020	0.450	0.355
October 2020	0.465	0.350
November 2020	0.395	0.350
December 2020	0.520	0.375
January 2021	0.520	0.500
February 2021	0.540	0.510
March 2021	0.530	0.510
April 2021 (up to the Latest Practicable Date)	0.530	0.510

The following are the particulars of the three Directors proposed to be elected at the Annual General Meeting:

1. **Mr. Tang To**, Executive Director, aged 72, was appointed as an executive Director and chairman of the Board on 14 July 1988 and 18 September 1997 respectively. Mr. Tang also acts as a director of certain subsidiaries of the Company. He is a chairman of each of the Nomination Committee and committee of executive Directors of the Company, and a member of remuneration committee of the Company. He was appointed with effect from 28 May 2010 as a director of Suzhou Sanguang Science and Technology Co., Ltd., a company listed on the National Equities Exchange and Quotations and an associated company of the Company. Mr. Tang has over 40 years of experience in manufacturing and trading businesses.

Mr. Tang is the father of Mr. Tang Yu, Freeman. As at the Latest Practicable Date, Mr. Tang is a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO.

Other than disclosed above, Mr. Tang has not previously held any position with the Group, and is independent of and not connected with the directors, chief executives and substantial shareholders or controlling shareholders of the Company or the subsidiaries of the Company or an associate of any of them. He does not hold any directorship in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas.

As at the Latest Practicable Date, he was deemed to be interested in 450,813,463 Shares within the meaning of Part XV of the SFO. The interests include the holding of: (i) personal interest of 4,970,005 Shares; (ii) 226,000 Shares held by Mr. Tang and his spouse jointly; and (iii) 445,617,458 Shares in which Mr. Tang was deemed to hold interests under the SFO, comprising (a) 3,460,406 Shares held by Ginta Company Limited which is approximately 99.999% owned by Fullwin Limited, which in turn is owned as to 50% by Mr. Tang and 50% by his spouse; (b) 405,907,052 Shares held by Codo Development Limited through its wholly-owned subsidiaries, Tai Shing Agencies Limited, Hung Cheong Realty Limited and Cosmos Machinery (Holdings) Limited; and (c) 36,250,000 Shares held by Saniwell Holding Inc. (as the trustee of The Saniwell Trust, the beneficiaries of which include Mr. Tang and certain of his family members) which in turn is owned as to approximately 57.14% by Mr. Tang.

A letter of appointment was entered into between the Company and Mr. Tang in respect of his appointment as an executive Director. Mr. Tang was not appointed for any specific length or proposed length of service with the Company but is subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles. The letter of appointment may be terminated by either party by giving to other party not less than six months' notice without payment of any compensation (other than statutory compensation). At present, he is entitled to receive a HK\$120,000 monthly salary under the letter of appointment with the Company. Mr. Tang voluntarily reduced his monthly salary to HK\$108,000 for the period from 1 April 2020 to 31 March 2021 due to cost reduction measures voluntarily adopted by executive Directors in the current pandemic scenario and approved by the remuneration committee of the Company. The emoluments of Directors are determined by reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

Save as disclosed above, Mr. Tang confirmed that there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders and there is no other information which is required to be disclosed pursuant to rule 13.51(2)(h) to (v) of the Listing Rules.

2. **Mr. Kan Wai Wah**, Non-executive Director, aged 63, was appointed as a non-executive Director on 22 May 1998. He holds a High Diploma in Accountancy. He has over 30 years of experience in corporate strategy and corporate management.

Mr. Kan is the son of Ms. Law Kit Fong, a substantial shareholder of the Company. As at the Latest Practicable Date, he is a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO.

Other than disclosed above, Mr. Kan has not previously held any position with the Group, and is independent of and not connected with the directors, chief executives and substantial shareholders or controlling shareholders of the Company or the subsidiaries of the Company or an associate of any of them. He does not hold any directorship in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas.

As at the Latest Practicable Date, he beneficially owns 136,400 Shares within the meaning of Part XV of the SFO.



A letter of appointment was entered into between Mr. Kan and the Company for a term of three years commencing from 1 January 2020. However, he is subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles. The letter of appointment may be terminated by either party by giving to other party not less than one months' notice without payment of any compensation (other than statutory compensation). He will receive a director's fee as the Company may determine from time to time. At present, he receives a director's fee of HK\$60,000 per annum under the letter of appointment with the Company. The emoluments of Directors are determined by reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

Save as disclosed above, Mr. Kan confirmed that there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders and there is no other information which is required to be disclosed pursuant to rule 13.51(2)(h) to (v) of the Listing Rules.

3. **Mr. Cheng Tak Yin**, Independent Non-executive Director, aged 82, was appointed as an independent non-executive Director on 30 January 2007 (the "**Date of his Appointment**"). He is a chairman of the remuneration committee of the Company and a member of each of audit committee of the Company and Nomination Committee. At present, he is the life honorary chairman, deputy secretary general and standing committee member of Hong Kong and Kowloon Machinery and Instrument Merchants Association Limited. Mr. Cheng has over 40 years of experience in business management.

Before being an independent non-executive Director, Mr. Cheng joined the Group in 1989. He was a general manager which was engaged in industrial consumables trading business and a director of various subsidiaries of the Company. He retired from his positions with effect from 1 July 2004 and acted as a consultant from 1 July 2004 to 31 December 2004. Upon his retirement, he still acted as a supervisor of GZ Great Melco Trading Co., Limited (“**GZ Great Melco**”) which became dormant since August 2004, until the date of its deregistration on 16 August 2005. Mr. Cheng was then appointed as an independent non-executive Director on the Date of his Appointment. Taking into consideration of his appointment of being an independent non-executive Director, the Board considered that there was not have any material adverse impact on Mr. Cheng’s independence in the course of his performance of duties as an independent non-executive Director. Save for being a supervisor of GZ Great Melco, Mr. Cheng (i) had resigned all directorships of other subsidiaries of the Company for more than two years up to the Date of his Appointment; and (ii) had not held any position with the Group, and was independent of and not connected with the directors, chief executives and substantial Shareholders or controlling Shareholders of the Company or the subsidiaries of the Company or an associate of any of them during the two years immediately prior to the Date of his Appointment.

Other than disclosed above, Mr. Cheng has not previously held any position with the Group, and is independent of and not connected with the directors, chief executives and substantial Shareholders or controlling Shareholders of the Company or the subsidiaries of the Company or an associate of any of them. He does not hold any directorship in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas.

During his tenure of office as general manager, the Company had granted 2,670,000 options to Mr. Cheng pursuant to share option scheme adopted by the Company in accordance with Chapter 17 of the Listing Rules. As at the Latest Practicable Date, he beneficially owns 1,406,000 Shares within the meaning of Part XV of the SFO.

A letter of appointment was entered into between Mr. Cheng and the Company for a term of three years commencing from 30 January 2019. However, he is subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles. The letter of appointment may be terminated by either party by giving to other party not less than one months' notice without payment of any compensation (other than statutory compensation). He will receive a director's fee as the Company may determine from time to time. At present, he receives a director's fee of HK\$60,000 per annum under the letter of appointment with the Company. The emoluments of Directors are determined by reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

Save as disclosed above, Mr. Cheng confirmed that there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders and there is no other information which is required to be disclosed pursuant to rule 13.51(2)(h) to (v) of the Listing Rules.

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## NOTICE OF ANNUAL 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 IS HEREBY GIVEN** that the annual general meeting of Cosmos Machinery Enterprises Limited (the “**Company**”) will be held at Conference Room, 31/F., Billion Plaza, No. 8 Cheung Yue Street, Cheung Sha Wan, Hong Kong on Thursday, 24 June 2021 at 9:30 a.m. for the following purposes:

### **AS ORDINARY BUSINESS**

1. To receive and adopt the audited financial statements, the report of the directors and independent auditor’s report for the year ended 31 December 2020.
2. To re-elect the retiring directors (*note 2*) and to authorise the board of directors to fix the remuneration of the directors.
3. To re-appoint Ting Ho Kwan & Chan as auditor of the Company to hold office until the conclusion of the next annual general meeting and to authorize the board of directors to fix their remuneration.

### **AS SPECIAL BUSINESS**

4. To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“**THAT:**

- (a) subject to paragraph (c) below, the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such power be and it is hereby generally and unconditionally approved;

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## NOTICE OF ANNUAL GENERAL MEETING

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- (b) the approval in paragraph (a) above shall authorize the directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate number of issued shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue; (ii) the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into shares of the Company; (iii) the share award scheme or the share option scheme of the Company approved by The Stock Exchange of Hong Kong Limited; or (iv) any scrip dividend on shares of the Company in accordance with the articles of association of the Company, shall not exceed the aggregate of 20% of the number of shares of the Company in issue as at the date of passing this resolution; and
- (d) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier 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 any applicable laws or rules to be held; and
- (iii) the revocation or variation of this resolution by any ordinary resolution of the shareholders of the Company in general meeting.

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## NOTICE OF ANNUAL GENERAL MEETING

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(iv) “Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or any class thereof (subject to such exclusion 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 recognized regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company).”

5. To consider and, if thought fit, pass the following resolution as an ordinary resolution:

A. **“THAT:**

- (a) subject to paragraph (c) below, the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to buy back number of shares in issue of the Company on The Stock Exchange of Hong Kong Limited, and that the exercise by the directors of the Company of all the powers of the Company to buy back such shares subject to and in accordance with all applicable laws or the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, be and it is hereby generally and unconditionally approved;
- (b) in addition, the approval in paragraph (a) above shall authorize the directors of the Company on behalf of the Company during the Relevant Period to procure the Company to buy back shares at a price determined by the directors;
- (c) the aggregate number of issued shares bought back or agreed conditionally or unconditionally to be bought back by the Company pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed 10% of the aggregate number of shares of the Company in issue as at the date of passing this resolution, and the authority pursuant to paragraph (a) shall be limited accordingly; and

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## NOTICE OF ANNUAL GENERAL MEETING

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(d) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier 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 any applicable laws or rules to be held; and
- (iii) the revocation or variation of this resolution by any ordinary resolution of the shareholders of the Company in general meeting.”

B. “**THAT** conditional upon the passing of the ordinary resolution 5A above, the aggregate number of issued shares in the Company which are bought back by the Company pursuant to and in accordance with the said ordinary resolution 5A shall be added to the aggregate number of issued shares in the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to and in accordance with the ordinary resolution 4 above.”

By order of the Board  
**Man Wing Yan**  
*Company Secretary*

Hong Kong, 29 April 2021

*Notes:*

1. A shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a shareholder of the Company. Forms of proxy must be lodged at the Company’s share registrar, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not less than 48 hours before the time appointed for holding the meeting (i.e. at or before 9:30 a.m. Tuesday, 22 June 2021).
2. With respect to resolution 2, Messrs. Tang To, Kan Wai Wah and Cheng Tak Yin will retire from office by rotation pursuant to the articles of association of the Company and all being eligible, offer themselves for re-election at the meeting.
3. The Register of Members of the Company will be closed from Thursday, 17 June 2021 to Thursday, 24 June 2021, both days inclusive, during which period no transfer of shares will be registered. In order to be entitled to attend and vote at the meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 16 June 2021.

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## NOTICE OF ANNUAL GENERAL MEETING

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4. If Typhoon Signal No. 8 or above, or a “black” rainstorm warning is in effect at the time of the meeting, the meeting will be held as scheduled unless an announcement posted on the websites of the Company at [www.cosmel.com](http://www.cosmel.com) and the Stock Exchange at <https://www.hkexnews.hk> to notify shareholders of the date, time and place of the rescheduled meeting. Shareholders should make their own decision as to whether they would attend the meeting under bad weather conditions bearing in mind their own situation and if they should choose to do so, they are advised to exercise care and caution.
5. The Company will implement the following preventive measures at the Annual General Meeting to safeguard the health and safety of the attending Shareholders, staff and other stakeholders:
  - (a) compulsory body temperature checks will be conducted on every Shareholder, proxy and other attendee at the entrance of the Annual General Meeting venue. Any person with a body temperature of over 37.3 degrees Celsius will be requested to stay in an isolated place for completing the voting procedures;
  - (b) every attendee will be required to wear a surgical face mask throughout the Annual General Meeting. Please note that no masks will be provided at the Annual General Meeting venue and attendees should bring and wear their own masks;
  - (c) seating at the Annual General Meeting will be arranged so as to reduce interaction between participants;
  - (d) attendees will be accommodated in separate partitioned rooms or areas of not more than 20 persons (or such number as may be allowed under the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation (Chapter 599G of the Laws of Hong Kong)) each; and
  - (e) no refreshments or drinks will be served.
6. In the interest of all stakeholders’ health and safety and consistent with recent guidelines for prevention and control of COVID-19, the Company reminds all Shareholders that physical attendance in person at the Annual General Meeting is not necessary for the purpose of exercising voting rights. As an alternative, by using form of proxy with voting instructions inserted, Shareholders may appoint the chairman of the Annual General Meeting as their proxy to vote on the relevant resolutions at the Annual General Meeting instead of attending the Annual General Meeting in person. The completion and return of a form of proxy for the Annual General Meeting will not preclude you from attending and voting in person at the relevant meeting or any adjournment thereof, should you so wish. In the event that you attend and vote at the relevant meeting or any adjournment thereof after having lodged your form(s) of proxy, the returned form(s) of proxy will be deemed to have been revoked.
7. The Company will closely monitor the development of the COVID-19 pandemic and any regulations or measures introduced or to be introduced by the Hong Kong Government in relation to COVID-19 pandemic. The Company will ensure that the Annual General Meeting will be conducted in compliance with the regulations or measures of the Hong Kong Government and Shareholders will not be deprived of their right of voting on the resolutions to be proposed at the Annual General Meeting. Further announcements will be made by the Company as soon as possible if there is any update to the preventive measures as mentioned above.

*As at the date of this notice, the board of directors of the Company comprises Mr. Tang To (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.*