

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



## **UPDATE ANNOUNCEMENT ON MAJOR TRANSACTION DISPOSAL OF THE ENTIRE SHARE CAPITAL OF GB HK AND THE ENTIRE EQUITY INTEREST IN GB SHENZHEN**

Reference is made to the announcement of Cosmos Machinery Enterprises Limited (the “**Company**”) dated 16 October 2023 (the “**Announcement**”) in relation to the Disposals. Unless otherwise specified, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement. This announcement is made to provide updates in relation to the Disposals.

In view of the additional time required for mainland governmental and banking remittance procedures, on 1 November 2023, Purchaser I, Purchaser II, the Vendor and GB Shenzhen (the “**Parties**”) entered into a deed of security in relation to the arrangements for the settlement of consideration under the Sale and Purchase Agreement II (the “**Deed of Security**”).

Further, the Parties have agreed to extend the time for Completion to a date on or before 24 November 2023.

### **DEED OF SECURITY**

The key terms of the Deed of Security are set out below:

- Parties:**
- (1) Purchaser I;
  - (2) Purchaser II;
  - (3) the Vendor; and
  - (4) GB Shenzhen.

**Date:** 1 November 2023

**USD Second Security:** Purchaser I (acting as the duly authorised agent for and on behalf of Purchaser II as purchaser under the Sale and Purchase Agreement II) shall on or before Completion deposit a sum of USD7,300,000 along with any interests earned thereon (the “**USD Second Security**”) with the Vendor.

**Payment of consideration for Disposal II:** The agreed manner of payment as set out under the Sale and Purchase Agreement II remains unchanged save as except that Purchaser II shall pay to the Vendor the RMB Deposit and RMB50,000,000 (the “**Second RMB Payment**”) in the aggregate amount of RMB70,000,000 on or before 31 January 2024 (the “**Expiry Day**”).

**Security:** The HKD Deposit and the USD Second Security shall be held for the benefit and be charged as a security in favour of the Vendor for the due performance of Purchaser I and Purchaser II of the Deed of Security, including Purchaser II’s liability to make payment and satisfaction of the RMB Deposit and the Second RMB Payment.

**Forfeiture and appropriation:** The HKD Deposit shall be forfeited to the Vendor for any breach of Purchaser I or Purchaser II of the Deed of Security without prejudice to any remedy that may be available to the Vendor under the Sale and Purchase Agreement II.

If the aggregate payments made by Purchaser II as set out in “*Payment of consideration for Disposal II*” above on or before the Expiry Day is less than the total sum of the RMB Deposit and the Second RMB Payment (the “**Shortfall**”), the USD Second Security shall be appropriated by the Vendor to the extent of the Shortfall forthwith after the Expiry Day. Upon the appropriation by the Vendor, the payment obligation of Purchaser II in respect of the RMB Deposit and the Second RMB Payment shall be treated as fully satisfied under the Sale and Purchase Agreement II.

Any balance of the USD Second Security left after the appropriation of the Shortfall shall be released to Purchaser I within fifteen days after the Expiry Day.

**Release of the HKD Deposit and the USD Second Security:** Upon full settlement by Purchaser II of the RMB Deposit and the Second RMB Payment received by the Vendor in accordance with the Deed of Security, the HKD Deposit and the USD Second Security shall be fully released to Purchaser I on the fifteenth day after the Expiry Day.

The HKD Deposit and the USD Second Security shall be partially released to Purchaser I in the amount equivalent to any partial payment of the RMB Deposit and/or the Second RMB Payment from time to time received by the Vendor from Purchaser II before Completion.

#### **EXTENSION OF TIME FOR COMPLETION AND THE COMPLETION AUDIT**

On 1 November 2023, the Parties have agreed to extend the time for Completion from 1 November 2023 to a date on or before 24 November 2023 (or such other date as the parties may agree). Notwithstanding the extended time for Completion, the Parties have agreed that the Completion Audit Period for the Completion Audit to be carried out by Purchaser I and Purchaser II shall run from 1 September 2023 to 31 October 2023 only.

**As the Disposals are subject to the satisfaction and/or waiver, where applicable, of the conditions precedents, the Disposals may or may not proceed to Completion. Shareholders and potential investors should exercise caution when dealing in the shares or any securities of the Company.**

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

Hong Kong, 1 November 2023

*As at the date of this announcement, the Board comprises six Directors, of which two are executive Directors, namely Mr. Tang To and Mr. Tang Yu, Freeman, one is non-executive Director, namely Mr. Kan Wai Wah, and three are independent non-executive Directors, namely Ms. Yeung Shuk Fan, Mr. Lam Kwok Ming and Mr. Lee Wai Yip, Alvin.*