大同機械企業有限公司
COSMOS MACHINERY ENTERPRISES LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock Code: 118)

FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2025

RESULTS SUMMARY

	2025	2024	
	HK$'000	*HK$'000*	**Change**
CONTINUING OPERATIONS			
Revenue	**2,066,303**	1,865,354	+10.8%
Gross profit	**388,955**	344,921	+12.8%
Operating profit	**41,685**	27,914	+49.3%
Profit for the year	**20,762**	11,063	+87.7%
DISCONTINUED OPERATION			
Profit for the year	**–**	7,690	N/A

The Board did not recommend the payment of a final dividend for the year ended 31 December 2025 (31 December 2024: Nil).

FINAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Cosmos Machinery Enterprises Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2025, together with the comparative figures for the year ended 31 December 2024. These final results have been reviewed by the audit committee of the Company (the "**Audit Committee**").

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2025

	Notes	**2025** **HK$'000**	2024 HK$'000
CONTINUING OPERATIONS			
Revenue	3	**2,066,303**	1,865,354
Cost of sales		**(1,677,348)**	(1,520,433)
Gross profit		**388,955**	344,921
Other income, gain and loss, net		**21,295**	35,180
Selling and distribution costs		**(191,536)**	(179,088)
Administrative expenses		**(177,029)**	(173,099)
Operating profit		**41,685**	27,914
Investment income		**8,357**	9,070
Share of results of associates		**5,069**	3,991
Finance costs		**(10,386)**	(13,838)
Profit before tax	4	**44,725**	27,137
Income tax expense	5	**(23,963)**	(16,074)
Profit for the year from continuing operations		**20,762**	11,063
DISCONTINUED OPERATION			
Profit for the year from discontinued operation		**–**	7,690
Profit for the year		**20,762**	18,753
Profit for the year attributable to equity shareholders of the Company:			
From continuing operations		**13,391**	2,668
From discontinued operation		**–**	5,228
		13,391	7,896
Profit for the year attributable to non-controlling interests:			
From continuing operations		**7,371**	8,395
From discontinued operation		**–**	2,462
		7,371	10,857
Profit for the year		**20,762**	18,753
		HK cent	*HK cent*
Earnings per share – Basic:			
From continuing operations	6	**1.55**	0.31
From discontinued operation	6	**–**	0.61
		1.55	0.92

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2025

	2025 *HK$'000*	2024 *HK$'000*
Profit for the year	**20,762**	18,753
Other comprehensive income/(expense) for the year, net of tax:		
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Exchange differences arising from translation of financial statements of foreign operations	**29,061**	(23,684)
Share of other comprehensive income/(expense) of associates	**183**	(81)
Reclassification adjustment:		
Release of translation reserve upon disposal of subsidiaries	**–**	1,803
	29,244	(21,962)
Item that will not be reclassified to profit or loss:		
Deficit on revaluation of properties held for own use	**(35,511)**	(17,870)
	(6,267)	(39,832)
Total comprehensive income/(expense) for the year	**14,495**	(21,079)
Total comprehensive income/(expense) attributable to equity shareholders of the Company:		
From continuing operations	**7,071**	(38,738)
From discontinued operation	**–**	7,348
	7,071	(31,390)
Total comprehensive income attributable to non-controlling interests:		
From continuing operations	**7,424**	7,557
From discontinued operation	**–**	2,754
	7,424	10,311
Total comprehensive income/(expense) for the year	**14,495**	(21,079)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2025

	Notes	2025 HK$'000	2024 HK$'000
Non-current Assets			
Property, plant and equipment		**420,438**	455,254
Right-of-use assets		**39,928**	42,768
Goodwill		**–**	–
Intangible assets		**–**	–
Interests in associates		**39,471**	36,987
Finance lease receivables		**23,554**	22,256
Deferred tax assets		**25,438**	25,525
Life insurance contract		**7,564**	–
Deposit paid for purchase of property, plant and equipment		**–**	19,996
		556,393	602,786
Current Assets			
Inventories		**463,782**	408,584
Finance lease receivables		**86,530**	63,750
Trade and other receivables	*7*	**656,187**	577,880
Current tax recoverable		**161**	161
Cash and bank balances		**578,318**	519,030
		1,784,978	1,569,405
Current Liabilities			
Trade and other payables	*8*	**754,568**	622,708
Contract liabilities		**80,258**	81,613
Bank borrowings		**143,066**	110,399
Lease liabilities		**4,642**	4,657
Current tax payable		**5,774**	5,627
		988,308	825,004
Net Current Assets		**796,670**	744,401
Total Assets less Current Liabilities		**1,353,063**	1,347,187

	2025	2024
	HK$'000	*HK$'000*
Non-current Liabilities		
Bank borrowings	**4,429**	4,860
Lease liabilities	**4,070**	7,046
Deferred tax liabilities	**19,462**	24,764
	27,961	36,670
Net Assets	**1,325,102**	1,310,517
Equity		
Capital and reserves attributable to equity shareholders of the Company:		
Share capital	**609,027**	609,027
Reserves	**639,771**	632,610
	1,248,798	1,241,637
Non-controlling Interests	**76,304**	68,880
Total Equity	**1,325,102**	1,310,517

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. BASIS OF PREPARATION

The financial information relating to the years ended 31 December 2025 and 2024 included in this announcement of final results for the year ended 31 December 2025 does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with Section 436 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "**Companies Ordinance**") is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2024 to the Registrar of Companies as required by Section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the consolidated financial statements for the year ended 31 December 2025 to the Registrar of Companies in due course.

The consolidated financial statements of the Group have been prepared in accordance with HKFRS Accounting Standards, which includes all HKFRS Accounting Standards, Hong Kong Accounting Standards (HKASs), and HK (IFRIC) Interpretations, HK Interpretations and HK (SIC) Interpretations, issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the requirements of the Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of interest in leasehold land and buildings where the Group is the registered owner of the property interest and certain financial assets, which are carried at fair value.

The preparation of consolidated financial statements in conformity with HKFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

During the year ended 31 December 2025, the Group has applied the following amendment to HKFRS Accounting Standards issued by the HKICPA, for the first time, which is mandatorily effective for the Group's annual period beginning on 1 January 2025 for the preparation of the Group's consolidated financial statements:

- Amendments to HKAS 21, Lack of Exchangeability

The above amendment specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendment also requires disclosure of information that enables users of its financial statements to understand how currency not being exchangeable into another currency affects, or is expected to affect, the entity's financial performance, financial position, and cash flows.

The application of the amendment to HKFRS Accounting Standards in the current accounting year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. REVENUE AND SEGMENT REPORTING

The Group manages its business by a mixture of both business lines and geographical locations. In a manner consistent with the way in which information is reported internally to the Group's top management for the purposes of assessing segment performance and allocating resources between segments, the Group has identified, on a product basis, the following four reportable segments.

(1) trading of industrial consumables;

(2) processing and manufacturing of plastic products;

(3) manufacturing of machinery; and

(4) machinery leasing.

The segment results for the year ended 31 December 2025 are as follows:

	Industrial consumables *HK$'000*	Plastic products *HK$'000*	Machinery *HK$'000*	Machinery leasing *HK$'000*	Other operations *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
REVENUE							
External sales	505,087	580,410	973,640	7,166	–	–	2,066,303
Inter-segment sales *(Note)*	24,639	18	1,405	–	–	(26,062)	–
Total revenue	529,726	580,428	975,045	7,166	–	(26,062)	2,066,303
Segment results	34,064	19,258	8,440	721	3,385	–	65,868
Unallocated corporate expenses							(24,183)
Operating profit							41,685
Investment income							8,357
Share of results of associates							5,069
Finance costs							(10,386)
Profit before tax							44,725
Income tax expense							(23,963)
Profit for the year							20,762

Note: Inter-segment sales are determined at prevailing market rates.

The segment results for the year ended 31 December 2024 are as follows:

	Industrial consumables *HK$'000*	Plastic products *HK$'000*	Machinery *HK$'000*	Machinery leasing *HK$'000*	Other operations *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
CONTINUING OPERATIONS							
REVENUE							
External sales	397,107	573,373	889,859	5,015	–	–	1,865,354
Inter-segment sales *(Note)*	20,366	34	1,234	15	–	(21,649)	–
Total revenue	417,473	573,407	891,093	5,030	–	(21,649)	1,865,354
Segment results	22,073	35,246	(18,798)	1,615	6,749	–	46,885
Unallocated corporate expenses							(18,971)
Operating profit							27,914
Investment income							9,070
Share of results of associates							3,991
Finance costs							(13,838)
Profit before tax							27,137
Income tax expense							(16,074)
Profit for the year							11,063

Note: Inter-segment sales are determined at prevailing market rates.

Geographical information

An analysis of revenue from continuing operations and external customers by geographical market, based on the location of the goods were delivered or services rendered, is as follows:

	2025 ***HK$'000***	2024 *HK$'000*
Hong Kong	**28,901**	31,961
Chinese Mainland	**1,840,664**	1,578,096
Other Asia-Pacific countries	**155,930**	149,261
North America	**5,902**	17,191
Europe	**34,906**	88,845
	2,066,303	1,865,354

An analysis of the Group's property, plant and equipment, right-of-use assets, goodwill and intangible assets by the geographical area in which the assets are located is as follows:

	2025	2024
	HK$'000	*HK$'000*
Hong Kong	**73,590**	108,146
Chinese Mainland	**386,776**	389,876
	460,366	498,022

4. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting) the following:

	2025	2024
	HK$'000	*HK$'000*
CONTINUING OPERATIONS		
Provision for/(reversal of) allowance for impairment of bad and doubtful debts, net	**2,682**	(4,171)
Deficit on revaluation of properties held for own use	**549**	–
Depreciation and amortisation on:		
– Property, plant and equipment		
– Ownership interest in leasehold land and buildings held for own use	**14,712**	14,749
– Other owned assets	**25,020**	27,183
– Right-of-use assets	**6,023**	6,013

5. INCOME TAX EXPENSE

Hong Kong profits tax

The provision for Hong Kong profits tax for 2025 is calculated at 16.5% (2024: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the Two-tiered Profits Tax Rates Regime. For this subsidiary, the first HK$2,000,000 of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

The People's Republic of China (the "PRC" or "China") enterprise income tax

(i) Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Regulation on the Implementation of the EIT Law, the rate of the PRC companies is 25%. The Group's subsidiaries in the PRC are subject to the PRC income tax at 25% unless otherwise specified.

(ii) High and New Technology Enterprise ("HNTE")

According to the EIT Law and its relevant regulations, entities that qualified as HNTE are entitled to a preferential income tax rate of 15%. Certain of the Group's subsidiaries are qualified as HNTE and are subject to the PRC income tax at 15% for 2025 and 2024.

The 15% preferential tax rate applicable to HNTE is subject to renewal approval jointly by the relevant authorities, upon expiry of the three-year grant period, according to the prevailing income tax regulations.

	2025	2024
	HK$'000	*HK$'000*
CONTINUING OPERATIONS		
Tax charge comprises:		
Current tax		
Hong Kong profits tax:		
Current year	**838**	231
Over-provision in prior years	**–**	(289)
	838	(58)
The PRC enterprise income tax:		
Current year	**20,634**	16,668
Under-provision in prior years	**484**	187
	21,118	16,855
The PRC withholding tax on dividends	**230**	3,219
Deferred tax		
Deferred taxation relating to the origination and (reversal) of temporary differences	**1,777**	(3,942)
Income tax expense from continuing operations	**23,963**	16,074
DISCONTINUED OPERATION		
Hong Kong profits tax:		
Current year	**–**	1,234
Over-provision in prior years	**–**	(412)
	–	822
The PRC enterprise income tax:		
Current	**–**	406
Under-provision in prior years	**–**	474
	–	880
Income tax expense from discontinued operation	**–**	1,702
Total income tax expense from continuing and discontinued operations	**23,963**	17,776

6. EARNINGS PER SHARE – BASIC

The calculation of the basic earnings per ordinary share attributable to equity shareholders of the Company is based on the following:

	2025	2024
Weighted average number of ordinary shares in issue	**861,930,692**	861,930,692

	2025 *HK$'000*	2024 *HK$'000*
Profit for the purpose of calculating the basic earnings per share:		
From continuing operations	**13,391**	2,668
From discontinued operation	**–**	5,228
	13,391	7,896

No diluted earnings per share is presented as there were no potential ordinary shares in issue for both years.

7. TRADE AND OTHER RECEIVABLES

	2025 *HK$'000*	2024 *HK$'000*
Trade receivables	**509,728**	500,493
Less: allowance for impairment of bad and doubtful debts	**(27,081)**	(30,265)
Trade receivables, net	**482,647**	470,228
Bill receivables	**107,763**	54,607
Total trade and bill receivables	**590,410**	524,835
Other receivables	**38,200**	25,537
Less: allowance for impairment of bad and doubtful debts	**(14,885)**	(14,745)
	23,315	10,792
Prepayments	**42,210**	42,125
Deposit paid for purchase of property, plant and equipment	**–**	19,996
Amounts due from related parties	**252**	128
	656,187	597,876
Analysed for reporting purpose as:		
Non-current	**–**	19,996
Current	**656,187**	577,880
	656,187	597,876

The Group grants an average credit period of 90 days to 120 days to customers. An aging analysis of the trade and bills receivables at the end of the reporting period based on the past due date and net of allowance for impairment of bad and doubtful debts is as follows:

	2025	2024
	HK$'000	*HK$'000*
Current	**444,903**	388,883
0 to 3 months	**89,917**	92,001
4 to 6 months	**34,604**	26,861
7 to 9 months	**11,327**	10,742
Over 9 months	**9,659**	6,348
	590,410	524,835

8. TRADE AND OTHER PAYABLES

	2025	2024
	HK$'000	*HK$'000*
Trade and bills payables	**638,991**	523,852
Accruals and other payables	**115,577**	98,856
	754,568	622,708

The credit period on purchases of goods and services of the Group normally ranging from 30 days to 90 days after the date of invoice.

The aging analysis of the Group's trade and bills payables at the end of the reporting period based on the date of invoice is as follows:

	2025	2024
	HK$'000	*HK$'000*
0 to 3 months	**433,853**	379,051
4 to 6 months	**174,191**	99,249
7 to 9 months	**11,106**	16,942
Over 9 months	**19,841**	28,610
	638,991	523,852

9. DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 December 2025 (31 December 2024: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS – CONTINUING OPERATIONS

Revenue

Revenue of the Group for the year ended 31 December 2025 was approximately HK$2,066,303,000 (2024: approximately HK$1,865,354,000). Despite the complex and changing global economic environment and weak demand in the manufacturing industry, revenue has increased by 10.8% as compared with last year. This growth benefited from incremental development and the need for upgrading equipment in domestic and foreign power grids, as well as the continuous increase in the penetration rate of the new energy vehicle market.

Gross profit and gross profit margin

For the years ended 31 December 2025 and 2024, the gross profit of the Group amounted to approximately HK$388,955,000 and HK$344,921,000 with gross profit margin of 18.8% and 18.5%, respectively.

Other income, gain and loss, net

The net amount of other income, gain and loss of the Group for the year ended 31 December 2025 was approximately HK$21,295,000 (2024: approximately HK$35,180,000), a decrease of approximately HK$13,885,000 as compared with last year. This was mainly due to the Group recorded a net exchange loss of approximately HK$4,386,000 for the year ended 31 December 2025 (2024: net exchange gain of approximately HK$8,466,000).

Selling and distribution costs

The selling and distribution costs of the Group for the year ended 31 December 2025 was approximately HK$191,536,000 (2024: approximately HK$179,088,000), an increase of 7.0% as compared with last year, which was mainly due to continued efforts in market expansion. The selling and distribution costs to revenue was approximately 9.3% (2024: approximately 9.6%).

Administrative expenses

The administrative expenses of the Group for the year ended 31 December 2025 was approximately HK$177,029,000 (2024: approximately HK$173,099,000), an increase of 2.3% as compared with last year due to rising staff costs.

Finance costs

The finance costs of the Group for the year ended 31 December 2025 was approximately HK$10,386,000 (2024: approximately HK$13,838,000), a decrease of 24.9% as compared with last year mainly due to downward trend of interest rates.

BUSINESS REVIEW

Machinery Manufacturing Business

In 2025, the global political and economic landscape was intricate and complex. In the first half of the year, influenced by fluctuations in the tariff policies of the United States ("**U.S.**"), domestic and international customers adopted a wait-and-see attitude and postponed their equipment investment plans. Domestically, a weak macro-economy, manufacturing industry overcapacity, a sluggish real estate market, and low-price competition in the consumer goods market led to a decline in demand for general-purpose injection molding machines ("**IMM(s)**") across multiple industries, with customers becoming more sensitive to equipment prices. Furthermore, market leaders in the IMM industry expanded their production capacity according to plan and slashed prices significantly to seize market share, causing competition to reach a fever pitch. Faced with this situation, the annual sales of the IMM manufacturing business were essentially flat year-on-year, and profitability improvement fell short of expectations. The export business recorded a slight decline, primarily because end customers in key markets, such as Mexico, Turkey, South Korea, and South America, delayed placing purchase orders due to the uncertainties of tariff policies and reduction of their sales orders. In addition, this business voluntarily abandoned certain orders characterised by fierce competition, excessively low gross margins, and unfavorable payment terms to effectively control financial risks.

Despite weak market demand for general-purpose IMMs, this business achieved concrete progress on various models by optimising products and strategically expanding into high-end niche markets. In the standard general-purpose market, we successfully launched new small and medium-sized standard IMMs (SeKIII Series) and medium and large-sized two-platen IMMs (JSeIII Series), significantly enhancing product competitiveness through improved cost structures and meeting market price demands. Among them, sales of full series of two-platen IMMs (J Series) rebounded significantly, benefiting from the delivery of large orders from leading domestic home appliance enterprises. In the high-end market, driven by demand from the new energy vehicle (NEV), lithium battery, and precision 3C electronics industries, orders for high-end precision energy-saving IMMs (Se5H Series) and electric IMMs (D Series) recorded marked growth. Notably, the first ultra-large-sized 4,500-ton two-platen IMM was successfully delivered to a Korean NEV parts customer. In the medical packaging industry, the continuous optimisation of equipment precision and stability drove a steady rise in sales of polypropylene (PP) series electric IMMs specialised for medical packaging. Additionally, a new high-speed version of the transparent packaging polyethylene terephthalate (PET) machine solution has gained recognition from multiple key customers for its high-speed injection efficiency and stability.

To highlight the differentiated advantages of our "highly intelligent IMMs", starting this year, the standard version of the Group's self-developed intelligent cloud platform "iSee 4.0" is now built into every model, allowing customers to achieve real-time equipment data interconnection via mobile phones and computer software for free. Furthermore, this business has invested resources to develop multiple Artificial Intelligence (AI) functions, covering high-value-added services, such as AI models for injection molding techniques, fully automated machine adjustment, intelligent customer service, and equipment maintenance. Certain AI functions have been made available for internal and customer trial in the second half of the year, dedicated to meeting customers' needs for intelligent digitalisation of equipment and production management.

Looking ahead to next year, it is expected that competition in the global IMM market will remain intense, with unstable demand and continued price wars. This business will further focus on deeply cultivating niche industry applications by establishing corresponding specialised solution business divisions, concentrating resources on developing high-growth potential industries such as food and beverage packaging, medical packaging, automotive parts, and 3C home appliances. Regarding internal management, the production plants in Dongguan and Wuxi have launched "modular" assembly process optimisations, aiming to significantly improve production efficiency, optimise production costs, and shorten delivery cycles. At the same time, the organisational structure will continue to be streamlined to strengthen cost control and enhance overall operational efficiency. To further increase market share in niche segments and the proportion of overseas orders, we will increase our investment in market promotion, particularly by strengthening frontline sales efforts and both online and offline promotions. Regarding financial management, this business will continue to uphold prudent principles to properly maintain healthy cash flow.

Despite the unpredictable global political and economic environment and fierce industry competition, the extrusion lines, rubber injection molding machines and hydraulic presses manufacturing business still recorded significant growth in sales and profitability. Persisting in development of specialised models for niche markets for several years, combined with accurately grasping the accelerating pace of domestic equipment substituting imports, this business has gained high recognition from numerous customers by virtue of excellent product competitiveness and comprehensive service networks. As technical advancements in various industries mature and market competition intensifies, industry-leading enterprises with advantages in scale, technology and resources are developing rapidly against the trend. In recent years, this business has pivoted to a "large-sized customer-centric" strategy, prioritising technical research and development (R&D), production, and marketing resources to serve leading customer groups in various niche industries, successfully driving explosive growth in orders from multiple major customers. Among them, the medium and large-sized composite insulator rubber injection molding machines, which target the electric power industry, recorded significant increase in sales, benefiting from the incremental development of national power grid and the needs of upgrading foreign power grid equipment. The automotive pipe extrusion solutions for NEVs achieved substantial growth in both domestic and export markets; large-sized rubber track highly automated solutions designed for agricultural and engineering vehicles also recorded considerable growth in the second half of the year. Furthermore, after years of continuous R&D, the differential pressure overlay decoration machines for surface decoration of components were successfully delivered in batches to several mobile phone assembly manufacturers this year and received high recognition in the mobile phone industry. This new technology effectively addresses the environmental issues associated with traditional spray painting, water transfer printing, and electroplating, and is expected to extend its scope of application to laptops, tablets, and other high-end electronic products next year.

Following the award of the Guangdong Provincial "Specialised, Refined, Distinctive and Innovative Small and Medium-sized Enterprises (SME(s))" qualification in 2021, this business was honoured as a "National Specialised, Refined, Distinctive and Innovative Small Giant Enterprise" in 2025. This honour not only recognises our technical innovation capabilities in specialised fields over the years but also highlights our comprehensive competitiveness within high-end niche industries, providing the impetus to deepen our collaboration with leading customer groups in niche industries in the future.

In the coming year, this business will remain centered around the product development roadmap of "import substitution and labor replacement", continuously improving front-end and back-end automation and intelligence capabilities of our products to further strengthen product competitiveness and create higher value for customers. At the same time, we will expand our presence in export markets, investing in local talent in overseas markets through regional and industry-focused strategies to gradually realise service localisation.

Machinery Leasing Business

This year, influenced by multiple factors, such as insufficient growth in the domestic manufacturing industry, overcapacity among SMEs, reduced procurement of new equipment, and continuing downward interest rates, the machinery leasing business maintained a prudent risk control strategy, strictly screening customers and actively reducing leasing exposure. Given the fierce internal competition in the leasing industry and the aggressive stance of banks towards the business of small-sized loans for enterprises, after balancing the challenges of rising risks and declining returns, this business decided to actively retain more ample funds, turning instead to focus on providing more support and services to high-quality customers of the Group's machinery manufacturing business.

Plastic Products Processing and Manufacturing Business

This year, the sales of the plastic processing plant for food packaging in Zhuhai declined slightly. Affected by domestic economic fluctuations and weak consumer confidence, the demand for conventional dairy product packaging from this business's key customers decreased. However, the market share of this customer's high-end infant formula packaging in the domestic market grew steadily, and the increase in its order volume offset the decline in other product categories to a certain extent. With changes in demographic structure and the domestic birth rate remaining at a low level, customer's packaging demand for senior nutritional product series is gradually increasing. On the other hand, the sales share of customer in the health supplement industry declined due to a slowdown in their own product sales. In the first half of the year, the export market was mainly affected by uncertain international trade environments and rising logistics costs, resulting in a decline of orders; however, in the second half, as material and logistics costs stabilised, coupled with the gradually delivery of new projects for overseas customers, export orders rebounded.

This business continued to strengthen its product design innovation capabilities this year, dedicating efforts to fulfilling customer needs for product customisation, functional packaging optimisation, product lightweighting, and innovative appearance design, thereby enhancing the end-consumer experience and helping customers maintain advantages in a fiercely competitive environment. In the second half of the year, major customers selected our new design solutions for their new product launching plans, and we successfully secured a series of new product development orders.

This business will continue to drive high-value growth through R&D innovation, while expanding market share through professional and reliable scaled, automated, and intelligent production capabilities. We are dedicated to solidifying the "front-end collaborative R&D" model as a core competitive advantage, expecting to jointly develop more new product projects with customers in 2026. Concurrently, the team will actively explore new customer groups in more diverse regions and markets.

We successfully interfaced the Group's self-developed intelligent cloud platform "iSee 4.0" with customised Manufacturing Execution System (MES) and Enterprise Resource Planning (ERP) System, achieving deep integration in our digital management. In the future, this business will focus on utilising big data analytics and introducing AI analysis methods, aiming to further improve production efficiency, reduce costs, and optimise the customer service experience.

Regarding the new factory project in Northern China, due to further delays in the delivery of the industrial park and the landlord's failure to complete key infrastructure items, the final delivery date currently remains undetermined. We will continue to closely monitor the progress and actively plan for subsequent construction project.

The sales of the plastic component processing plant for household appliances in Hefei were basically flat this year, but profitability declined. During the year, competition in China's home appliance industry continued to intensify. Although the central government introduced a series of "trade-in" subsidy policies that stimulated short-term sales in home appliances, overall sales volumes failed to maintain growth momentum. As powerful brands successively entered the "white-goods" home appliance industry, the home appliance value chain faced intense pressure, with cost reduction and strict quality requirements becoming the main focus throughout the year. The price reduction pressure exerted by this business's major customer directly affected profit margins. Facing this huge challenge, the sales and production teams remained active in maintaining existing order volumes and onboarding new projects, operating at high capacity to mitigate the impact on profitability.

Under immense pressure regarding cost, delivery, and quality requirements, the production team effectively optimised assembly line layouts, earning high recognition from customers. In addition to adopting suitable equipment to improve efficiency and passing rates, we reshaped and adjusted process flows for high-volume assembly lines to achieve capacity efficiency goals. In terms of intelligent management, the team continued to optimise self-developed management applications, realising full-process system operations for material delivery via mobile phone scanning, ensuring highly efficient production. In the future, we plan to further integrate various digital management systems into the Group's self-developed intelligent cloud platform "iSee 4.0" with MES to achieve efficient data transmission and unlock big data analysis capabilities.

The Group expects that this business will continue to face price competition pressure from customers and industry peers in the coming year. Management will focus on optimising production processes and intelligent management, dedicated to reducing labor costs and waste, and striving to maintain high order volumes. In addition, prudent cash flow management will remain a key focus to navigate the volatile market environment.

The sales and profit of the blow mold mannequins production plant in Dongguan retreated from last year's highs. Over the years, this business has persisted in deeply cultivating the specialised niche market of environmental friendly blow molded display mannequins, and has now become a high-end leader in the global apparel mannequin industry. However, under the dual impact of tariff wars and geopolitical tensions, retail sales momentum in Europe, America, and the domestic market dropped significantly, prompting multiple internationally renowned brands to tighten their investments. One of the key customers, a global sporting goods brand and retailer, significantly reduced its new store opening plans, leading to a marked decrease in sales compared to last year. Despite this, the development progress of new customers and new projects has been ideal. This year, we have secured orders from a leading European lingerie brand, clothing retail chain brands in the U.S. and Japan, and a Canadian high-end athleisure clothing brand, laying a foundation for a steady rise in sales share for this year and the next.

In response to the pressing needs from European, American, and Japanese customers for environmental protection and carbon reduction, the material and production process techniques of a new line of micro-foaming pellets blow molded mannequin previously researched and developed by this business are reaching the inspection and trial production phases. In the coming year, we will focus on optimising the yield rate during mass production and controlling overall costs, striving to reduce the product's full lifecycle carbon emissions while ensuring minimal growth in production costs, thereby gaining recognition from more high-end brands.

This business will scale up marketing efforts to develop more high-quality new customers through online promotions and offline exhibitions. Regarding production optimisation, we will continuously upgrade key production equipment and refine processes to further consolidate our dual competitive advantages in quality and production cost.

Industrial Consumables Trading Business

Looking back over the year, both the domestic and global economic landscape remained complex and volatile. The tariff war initiated by the U.S. in the first half of the year broadly impacted the procurement willingness of customers across multiple industries in the short term. Concurrently, adverse factors such as sluggish domestic consumption and consumer spending downgrade suppressed investment sentiment within the industrial equipment industry. This resulted in flat or slightly declining annual sales across most of our general equipment customers. Furthermore, fierce price competition across numerous domestic industries, compounded by geopolitical tensions and tariff pressures, has accelerated the relocation of manufacturing capacity out of the Chinese Mainland. Consequently, sales in industries, such as machinery manufacturing, elevators, and photovoltaics, experienced a downturn and continue to face downward pricing pressure.

Despite these headwinds, sales of the industrial consumables trading business bucked the trend to record significant growth this year, driven by our team's years of deep engagement in high-growth industries and core projects. Benefiting from the strong growth in domestic and international sales of NEVs, demand for power and energy storage batteries surged. The expansion of domestic production capacity and the proactive deployment of overseas manufacturing facilities by leading battery enterprises drove explosive sales growth in the lithium battery equipment industry. Additionally, steady growth in demand for imported metal materials used in high-end medical devices, coupled with a recovery in orders from key semiconductor customers, further bolstered our overall order volume.

Looking ahead to 2026, the Chinese manufacturing components market is expected to continue to be polarising, with price wars likely to intensify across the board. Demand in general equipment, daily necessities, home appliances and building material is expected to lack growth momentum. The relentless pursuit of extreme cost reduction by end-consumer brands will make low-price competition the new norm. Conversely, supported by policies under the national "15th Five-Year Plan", demand from emerging high-end and green industries, such as NEVs, semiconductors, medical devices, and advanced equipment, are expected to remain strong. This business will concentrate its resources on precisely targeting high-quality customers within these high-value industries, providing them with comprehensive solutions and technical support. To fully leverage the agility inherent in our trading business and respond swiftly to market shifts, we will continue to proactively source premium domestic and imported metal materials and automation components, thereby injecting robust growth momentum into our business.

Subsequent Events

On 5 February 2026, Cosmos Grand Plastics Co., Ltd., an indirect wholly-owned subsidiary of the Company, as the seller, and Mr. Diao Junde, a connected person of the Company at the subsidiary level, as the purchaser, entered into an equity interest transfer agreement in relation to the sale and purchase of the entire equity interest in 合肥格蘭美新材料有限公司 (the "**Target Company**") at the consideration of RMB4,649,502.49. The disposal was completed on 12 February 2026. Upon completion, the Group ceased to have any interest in the Target Company and the Target Company ceased to be a subsidiary of the Company, and the financial results of the Target Company thereafter will no longer be consolidated in the financial statements of the Group. Details were set out in the announcements of the Company dated 5 February 2026 and 13 February 2026.

Save as disclosed above, there is no other material event after the end of the reporting period.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2025, the Group's total outstanding bank borrowings amounted to approximately HK$147,495,000 (31 December 2024: approximately HK$115,259,000), which comprised mainly bank loans and trade finance facilities. The bank borrowings repayable within one year, in the first to second year and in the second to fifth year amounted to approximately HK$143,066,000, HK$4,429,000 and nil, respectively (31 December 2024: approximately HK$106,759,000, HK$2,032,000 and HK$6,468,000, respectively).

After including lease liabilities of approximately HK$8,712,000 (31 December 2024: approximately HK$11,703,000) and deducting cash and bank balances of approximately HK$578,318,000 (31 December 2024: approximately HK$519,030,000), the Group's net cash amounted to approximately HK$422,111,000 (31 December 2024: approximately HK$392,068,000). Total equity attributable to equity shareholders of the Company as at 31 December 2025 was approximately HK$1,248,798,000 (31 December 2024: approximately HK$1,241,637,000).

The gearing ratio of the Group is measured as a total of bank borrowings and lease liabilities less cash and bank balances divided by net assets. As the Group had a net cash position as at 31 December 2025 and 2024, no gearing ratio was presented.

The Group's consolidated financial statements are presented in Hong Kong dollars. The Group carried out its business transactions mainly in Hong Kong dollars, Renminbi, United States dollars and Japanese Yen. As the Hong Kong dollar remained pegged to the United States dollar, there was no material exchange risk in this aspect. The Group continues monitoring its foreign exchange exposure in Japanese Yen and Renminbi, and enters into forward contracts when necessary. The Group's long-term bank loans were denominated mainly in Hong Kong dollars and carried interest at floating rates. Credit risk was hedged mainly through credit insurance.

CONTINGENT LIABILITIES

As at 31 December 2025, the Group had no material contingent liabilities (31 December 2024: Nil).

MATERIAL ACQUISITION AND DISPOSAL

There was no material acquisition and disposal by the Group during the year ended 31 December 2025.

CAPITAL STRUCTURE

There was no change in the total number of issued shares of the Company for the year ended 31 December 2025. The total number of issued shares of the Company remained at 861,930,692 shares as at 31 December 2025.

EMPLOYEES, REMUNERATION POLICY AND TRAINING SCHEME

As at 31 December 2025, the Group had a total of 1,778 employees (31 December 2024: 1,743) located in Hong Kong and the Chinese Mainland, the ratio of women to men (including senior management) in the workforce was 29:71. Notwithstanding the foregoing, gender diversity for industrial business segment in which the Group operates may be less relevant due to the nature of work. However, the Group still managed to promote appropriate gender balance.

The Group has formulated a talent development plan which focuses on diversity initiatives in talent acquisition, progression and retention, aiming to achieve a more diverse workforce and to provide equal opportunities in recruitment, career development, promotion, rewards and training for all employees.

The Group has formulated the remuneration policy for employees. The remuneration of employees is based on their qualifications, competence and performance as well as market trends. Employees' benefits include retirement benefits, medical insurance coverage, and various leave entitlements. The Group conducts an annual review on the overall remuneration packages, including discretionary bonuses.

The emoluments of the Directors are determined by the Board based on the recommendation of the remuneration committee of the Company with reference to individual performance, qualifications and experience of the Directors, the duties and responsibilities of the Directors in the Company, the Group's performance and profitability, remuneration benchmark in the industry and prevailing market condition.

The Group had provided training programmes or courses for employees of the Group, including employees at all levels from different departments in the Chinese Mainland and Hong Kong, and also for Directors, respectively, so as to further enhance their technical skills, professional skills and knowledge in production, operation and management.

OUTLOOK AND PROSPECTS

The Group predicts that the global political and economic environment will become increasingly complex and volatile in 2026. Regarding the global tariff war initiated by the U.S. in 2025, enterprises worldwide had previously exhausted their efforts seeking countermeasures. After multiple rounds of negotiations among various countries, the tariff landscape currently presents a relatively stable trend, and various industries have made corresponding deployments. However, compared to tariff barriers, sudden geopolitical military conflicts and their chain effects carry more severe and unpredictable consequences. During the preparation of this announcement, the world is currently grappling with the repercussions of military actions by the U.S. and Israel against Iran, which have sparked significant political instability in the region. As hostilities spilt over into surrounding areas, they pose a direct threat to maritime security and have severely disrupted oil supplies in the Middle East. While the ultimate trajectory of the conflict remains uncertain, it is bound to undermine the stability of Middle Eastern economies and global investor confidence. Consequently, precious metal prices are expected to remain volatile at historic highs, while prices for oil, plastics and other chemical raw materials surge amid tightening supplies, and shipping costs and insurance premiums are set to climb. These adverse factors, including turbulence in foreign exchange and financial markets, will continue to spread, thereby affecting the performance of certain domestic industries and export trade. Furthermore, with the U.S. midterm elections approaching in 2026, the market is also paying close attention to the potential actions the U.S. may take more aggressive actions against China and other countries in political, military, tariff, and financial domains, along with their subsequent impacts.

China's overall macroeconomic environment is expected to remain stable and is anticipated to achieve marginal growth. However, after a comprehensive analysis of information dynamics from the customer side, it is expected that the domestic manufacturing industry will continue to exhibit a "polarised" development pattern. Certain SMEs lacking comprehensive advantages are more likely to face persistent pressure from price competition or even risk market elimination, leading to severe challenges to their operational scale and profitability. In the field of general-purpose products, or industries with fierce existing market competition or near-saturated demand, the order-taking model of "exchanging price for volume" may be unavoidable. Consequently, corporate profit margins will be forced to tighten. Conversely, large-scale enterprises with abundant resources are expected to sustain favorable development momentum. Driven and supported by national industrial policies, high-end emerging industries, such as NEVs, batteries and energy storage, power, and humanoid robots, are anticipated to develop relatively robustly, and certain high-end niche markets similarly possess ample growth momentum. In certain professional application fields, customers' continuous pursuit of product precision, production efficiency, and cost optimisation compel them to rely more heavily on equipment manufacturers to provide customised, full-value-chain professional solutions encompassing processes from materials, molds, plasticizing and molding, automation, and intelligent solution to packaging and warehousing.

Based on this judgment, the Group's machinery manufacturing business will continue to prioritise the allocation of resources, focusing on serving the leading enterprises in the aforementioned industries with high growth potential. We will fully leverage the integrated advantages of our special-purpose solution division in R&D technology, production, specialised technology and process design, automation integration, sales, and after-sales services. This allows us to precisely respond to the unique needs of customers in specialised niche industries, and further deepen the differentiated competitive advantages of the products and services of this business. Regarding the plastic products processing and manufacturing business, we will continuously strengthen our preliminary development and design capabilities, actively expanding to more high-quality customers and new projects. In terms of production, we will increase investments in intelligent data analysis and management systems, striving to enhance product quality, optimise production capacity allocation, and further strictly control production costs. The industrial consumables trading business will integrate development and sales resources to continuously expand and serve the customer base in high-end emerging industries. To achieve more balanced business development, this business plans to strengthen the cultivation of sales and technical talents, while simultaneously enriching the product lines of high-quality imported and domestic brands to respond to rapidly changing market demands.

With the continuously increasing importance and penetration rate of AI in industrial scenarios and daily operations, the Group firmly believes that AI will become a crucial value-added tool for machinery and equipment users in areas such as technical support, production processes, customer service, and internal management. Accordingly, we will accelerate resource allocation to optimise the existing AI customer modules, formulate internal guidelines for the application of generative AI within the Group, and continuously refine data security prevention mechanisms.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2025.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to practising and maintaining a high standard of corporate governance to enhance value of the shareholders of the Company (the "**Shareholders**") and safeguard interests of Shareholders and other stakeholders, and reviews the corporate governance practices and procedures of the Group from time to time. In the opinion of the Board, the Company has complied with all applicable code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules during the year ended 31 December 2025.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Code for Securities Transactions by Directors and Relevant Employees of Cosmos Machinery Enterprises Limited (the "**CMEL Code**") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "**Model Code**"), serving as the Company's code of conduct and rules governing dealing by all Directors and relevant employees in the securities of the Company. All Directors have confirmed, following specific enquiry by the Company, they have complied with the required standards set out in the Model Code and CMEL Code during the year ended 31 December 2025.

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 December 2025 (31 December 2024: Nil).

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**AGM**") will be held on Wednesday, 17 June 2026. Notice of AGM will be despatched to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 10 June 2026 to Wednesday, 17 June 2026, both days inclusive, during which period no transfer of shares will be registered. The record date for determining the entitlement of the Shareholders to attend and vote at the AGM will be Wednesday, 17 June 2026. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Tuesday, 9 June 2026 for registration.

SCOPE OF WORK OF AUDITORS

The figures in respect of the Group's consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2025 as set out in this announcement have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on this announcement.

PUBLICATION OF THE FINAL RESULTS ANNOUNCEMENT AND 2025 ANNUAL REPORT

The final results announcement of the Company is published on the websites of the Company at http://www.cosmel.com and the Stock Exchange at https://www.hkexnews.hk. The 2025 annual report of the Company will be published on the above websites and despatched to the Shareholders in due course.

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

Hong Kong, 24 March 2026

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.