
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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

A notice of annual general meeting of Cosmos Machinery Enterprises Limited to be held at Conference Room, 31/F., Billion Plaza, 8 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong on Friday, 12 June 2020 at 9:30 a.m. is set out on pages 17 to 21 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 Wednesday, 10 June 2020). 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 page 1 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

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.

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PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING

In view of the ongoing 2019 novel coronavirus disease (COVID-19) pandemic and recent requirements for prevention and control of its spread, the Company will implement the following preventive measures at the Annual General Meeting to protect attending Shareholders, staffs and other stakeholders from the risk of infection:

- (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 37.4 degrees Celsius will be denied entry into the Annual General Meeting venue or be required to leave the Annual General Meeting venue.
- (ii) All Shareholders, proxies and other attendees are required to complete and submit at the entrance of the Annual General Meeting venue a health declaration form providing their names and contact details, and confirming that they have not travelled to, or to their best of knowledge had physical contact with any person who has recently travelled to, any affected countries or areas outside of Hong Kong (as per guidelines issued by the Hong Kong government at <https://www.chp.gov.hk/en/features/102742.html>) at any time in the preceding 14 days. Any person who does not comply with this requirement will be denied entry into the Annual General Meeting venue or be required to leave the Annual General Meeting venue.
- (iii) Attendees are required to wear surgical face masks inside the Annual General Meeting venue at all times, and to maintain a safe distance between seats.
- (iv) No refreshment will be served.

To the extent permitted under law, the Company reserves the right to deny entry of any person into the Annual General Meeting venue or require any person to leave the Annual General Meeting venue in order to ensure the safety of the attendees at the Annual General Meeting.

In the interest of all stakeholders' health and safety and consistent with recent COVID-19 guidelines for prevention and control, 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 form of proxy can be downloaded from the Company's website at 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.

DEFINITIONS

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, 8 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong on Friday, 12 June 2020 at 9:30 a.m., the notice of which is set out on pages 17 to 21 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

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of The People’s Republic of China
“Latest Practicable Date”	20 April 2020, 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
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	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.

LETTER FROM THE BOARD



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

Executive Directors:

Tang To (Chairman)
Wong Yiu Ming (Executive Vice Chairman)
Tang Yu, Freeman (Chief Executive Officer)
Mei Zheqi

Registered Office:

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

Non-executive Directors:

Kan Wai Wah
Qu Jinping

Independent Non-executive Directors:

Yeung Shuk Fan
Cheng Tak Yin
Ho Wei Sem
Huang Zhi Wei

27 April 2020

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 (i) granting of general mandates to the Directors to issue and buy back Shares; (ii) re-election of retiring Directors; and (iii) to give the Shareholders notice of the Annual General Meeting. Such proposals will be dealt with at the Annual General Meeting.

LETTER FROM THE BOARD

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 held on 13 June 2019 will lapse at the conclusion of the Annual General Meeting. Resolutions Nos. 4 to 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 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.

LETTER FROM THE BOARD

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. Wong Yiu Ming (executive Director), Tang Yu, Freeman, (executive Director), Yeung Shuk Fan (independent non-executive Director) and Ho Wei Sem (independent non-executive Director) will retire from office by rotation and, being eligible, offer themselves for re-election at the Annual General Meeting.

Process for Nomination of Director

A nomination policy of the Company (the “**Nomination Policy**”) has been recommended by the nomination committee of the Company (the “**Nomination Committee**”) members and approved by the Board, and adopted on 29 November 2018. The Board has the ultimate responsibility for the selection, appointment and re-appointment of Directors. The Nomination Committee is delegated with the duties to, inter alia, review the composition of the Board. When necessary, the Nomination Committee will identify, select and nominate suitable candidates for appointment as new Director(s), and make recommendations on the re-appointment of incumbent Directors in accordance with the Nomination Policy.

When recommending any candidate for directorship, the Nomination Committee will consider various factors, including but not limited to the potential contribution that the candidate can bring to the Board in terms of qualifications, skills and experience.

The nominations were made in accordance with the Nomination Policy and the objective criteria (including without limitation, professional experience, skills and knowledge), and with due regard to the Board diversity policy of the Company.

The search process for candidates can be undertaken by the Nomination Committee itself, through referral from various sources or by professional search consultants. The Nomination Committee will then select potential candidate(s) for the Board to agree on a preferred candidate.

After the Board has made the appointment, the newly appointed Director is subject to election by shareholders at the first general meeting following the appointment.

LETTER FROM THE BOARD

Recommendation of the Nomination Committee

The Nomination Committee is of the view that since Ms. Yeung Shuk Fan is a member of the American Institute of Certified Public Accountants (AICPA), and an associate member of each of The Institute of Chartered Secretaries and Administrators (ICSA) and The Hong Kong Institute of Chartered Secretaries (HKICS). She has extensive experience in corporate governance and financial management, and as the only female director of the current Board, the re-election of Ms. Yeung as an independent non-executive Director will supplement the professional background of the Board members in the aspects including financial management. As such, the Nomination Committee nominated Ms. Yeung to the Board for the Board to recommend to the Shareholders to re-elect Ms. Yeung at the Annual General Meeting.

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

Ms. Yeung Shuk Fan and Mr. Ho Wei Sem served the Board for more than nine years. They have provided their annual confirmations of independence pursuant to rule 3.13 of the Listing Rules. The Nomination Committee had reviewed the independence of Ms. Yeung Shuk Fan and Mr. Ho Wei Sem. The Board is of the view that Ms. Yeung Shuk Fan and Mr. Ho Wei Sem meet the independence guidelines set out in rule 3.13 of the Listing Rules and are independent for re-election.

Accordingly, with the recommendation of the Nomination Committee, the Board has proposed that all the retiring Directors, namely Mr. Wong Yiu Ming, Mr. Tang Yu, Freeman, Ms. Yeung Shuk Fan and Mr. Ho Wei Sem stand for re-election at the Annual General Meeting.

At the Annual General Meeting, resolutions 2(a), 2(b), 2(c) and 2(d) 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), 2(c) and 2(d), the re-election of the above Directors will be individually voted by Shareholders.

LETTER FROM THE BOARD

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 Wednesday, 10 June 2020). 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.

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.

LETTER FROM THE BOARD

7. RECOMMENDATION

The Directors consider that the proposals for (i) granting of general mandates to the Directors to issue and buy back Shares; and (ii) re-election of retiring Directors are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend all Shareholders to vote in favour of the relevant ordinary resolutions to be proposed at the Annual General Meeting in respect thereof.

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 2019. 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. 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 Shares in issue. 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	Lowest
	<i>HK\$</i>	<i>HK\$</i>
April 2019	0.540	0.490
May 2019	0.510	0.430
June 2019	0.490	0.400
July 2019	0.480	0.405
August 2019	0.425	0.305
September 2019	0.330	0.300
October 2019	0.310	0.255
November 2019	0.330	0.270
December 2019	0.340	0.280
January 2020	0.330	0.290
February 2020	0.330	0.285
March 2020	0.300	0.210
April 2020 (up to the Latest Practicable Date)	0.234	0.210

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

1. **Mr. Wong Yiu Ming**, Executive Director, aged 66, joined the Group in 1978 and was appointed as an executive Director on 23 June 1997. He was subsequently appointed as the general manager of the Company on 1 February 1999 and acted as the chief executive officer of the Company from 12 September 2005 to 30 June 2013, and was appointed as the executive vice chairman of the Company on 15 January 2015. He is a member of committee of executive Directors of the Company. Mr. Wong also acts as a director of certain subsidiaries of the Company. He is currently a general manager of various subsidiaries of the Company which are engaged in the manufacturing of machinery. He holds a Bachelor of Science degree in Engineering and a Master degree in Business Administration. Mr. Wong has over 40 years of experience in sales, marketing and corporate management. On 16 November 2007, he was appointed as the director of Suzhou Sanguang Science and Technology Co., Ltd., a company listed on the National Equities Exchange and Quotations and is an associated company of the Company.

Other than disclosed above, Mr. Wong 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. At the Latest Practicable Date, he beneficially owns 9,468,000 Shares within the meaning of Part XV of the SFO. A letter of appointment was entered into between the Company and Mr. Wong in respect of his appointment as an executive Director. Mr. Wong 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 three months' notice without payment of any compensation (other than statutory compensation). At present, he is entitled to receive a HK\$345,000 monthly salary under his 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. Wong confirmed 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. Tang Yu, Freeman**, Executive Director, aged 42, joined the Group in 2006 and was appointed as an executive Director and chief executive officer of the Company on 18 March 2011 and 1 July 2013 respectively. Mr. Tang is a member of each of nomination committee and committee of executive Directors of the Company. He also acts as a director of certain subsidiaries of the Company. Prior to joining the Group, he had worked in various commercial banks. Mr. Tang graduated from The University of Western Ontario in Canada and holds a Bachelor of Arts degree in Economics and a Diploma in Financial Planning. He is the son of Mr. Tang To. 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 442,157,052 Shares within the meaning of Part XV of the SFO in which 405,907,052 Shares held by Codo Development Limited through its wholly-owned subsidiaries, Cosmos Machinery (Holdings) Limited, Hung Cheong Realty Limited and Tai Shing Agencies Limited, and 36,250,000 Shares held by Saniwell Holding Inc. which in turn is owned as to 42.86% by Mr. Tang. Apart from this, Mr. Tang does not have any other interest in the Shares within the meaning of Part XV of the SFO as at the Latest Practicable Date. 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 three months' notice without payment of any compensation (other than statutory compensation). At present, he is entitled to receive a HK\$160,000 monthly salary 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. 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.

3. **Ms. Yeung Shuk Fan**, Independent Non-executive Director, aged 54, was appointed as an independent non-executive Director on 18 June 2004. She is the chairman of audit committee of the Company and a member of each of nomination committee and remuneration committee of the Company. Ms. Yeung holds a Master degree in Business Administration. She is a member of the American Institute of Certified Public Accountants (AICPA), and an associate member of each of The Institute of Chartered Secretaries and Administrators (ICSA) and The Hong Kong Institute of Chartered Secretaries (HKICS). Ms. Yeung held senior financial positions in several companies. She has over 20 years of experience in the finance sector.

Other than disclosed above, Ms. Yeung 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. She 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. At the Latest Practicable Date, she does not have any interest in securities of the Company within the meaning of Part XV of the SFO. A letter of appointment was entered into between Ms. Yeung and the Company for a term of three years commencing from 1 January 2020. However, she 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). She will receive a director's fee as the Company may determine from time to time. As present, she receives a director's fee of HK\$168,000 per annum under her letter of appointment with the Company. The emolument 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, Ms. Yeung confirmed that there are no other matters relating to her 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.

4. **Mr. Ho Wei Sem**, Independent Non-executive Director, aged 72, was appointed as independent non-executive Director on 21 December 2010. He is a member of each of nomination committee, remuneration committee and audit committee of the Company. Mr. Ho had been working in various government authorities in Dongguan for over 40 years. He was the director general of Dongguan Municipal and Public Utilities Management Bureau and Dongguan Urban Integrated Management Bureau from 2000 to 2007. From 1996 to 2000, he was the officer of Dongguan Management Committee. From 1990 to 1996, he was the deputy director general of The Urban and Rural Planning Bureau of Dongguan Municipal, and he was the deputy supervisor of the Preparation Committee of Dongguan City Government from 1988 to 1990. Mr. Ho has extensive experience in management.

Other than disclosed above, Mr. Ho 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. At the Latest Practicable Date, he does not have any interest in securities of the Company within the meaning of Part XV of the SFO. A letter of appointment was entered into between Mr. Ho and the Company for a term of three years commencing from 22 December 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. Mr. Ho declined to receive director's fee voluntarily. The emolument 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. Ho 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.

NOTICE OF ANNUAL GENERAL MEETING



大同機械企業有限公司

COSMOS MACHINERY ENTERPRISES LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 118)

NOTICE IS HEREBY GIVEN that the annual general meeting of Cosmos Machinery Enterprises Limited (the “Company”) will be held at Conference Room, 31/F., Billion Plaza, 8 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong on Friday, 12 June 2020 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 2019.
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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- (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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- (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 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 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 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
- (d) for the purpose of this resolution:

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“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, 27 April 2020

NOTICE OF ANNUAL GENERAL MEETING

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. Wednesday, 10 June 2020).
2. With respect to resolution 2, Messrs. Wong Yiu Ming, Tang Yu, Freeman, Yeung Shuk Fan and Ho Wei Sem 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 Friday, 5 June 2020 to Friday, 12 June 2020, 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 Thursday, 4 June 2020.
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 further notice posted on the websites of the Company at 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. As at the date of this notice, the board of directors of the Company comprises Mr. Tang To (Chairman), Mr. Wong Yiu Ming (Executive Vice Chairman), Mr. Tang Yu, Freeman (Chief Executive Officer) and Mr. Mei Zheqi 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.