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大同機械企業有限公司

COSMOS MACHINERY ENTERPRISES LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 118)

INSIDE INFORMATION

PROFIT WARNING

This announcement is made by Cosmos Machinery Enterprises Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform shareholders and potential investors of the Company that, based on the preliminary review on the unaudited consolidated management accounts of the Group for the year ended 31 December 2023 and the information currently available to the Board, it is expected to record an unaudited consolidated loss of the Group of not more than HK\$60,000,000 for the year ended 31 December 2023, as compared to a consolidated profit of approximately HK\$18,837,000 for the year ended 31 December 2022. The turnaround from profit to loss was primarily attributable to the following reasons:

1. a non-recurring loss on the disposals of the entire share capital of Gainbase Industrial Limited, a company incorporated in Hong Kong with limited liability, and the entire equity interest in Shenzhen Gainbase Printed Circuit Board Co., Ltd* (深圳邦基綫路板有限公司), a company established in the People’s Republic of China (“**China**”) with limited liability, both are indirect non-wholly-owned subsidiaries of the Company prior to completion of the disposals, of approximately HK\$50,000,000, after deducting related statutory cost and expenses. Details of the disposals are set out in the Company’s announcements dated 16 October 2023, 1 November 2023, 7 November 2023 and 17 November 2023, and the Company’s circular dated 24 November 2023; and

2. the printed circuit boards trading business is expected to be challenging as result of weak markets for office automation equipment, consumer electronics and automotive industries. Global corporations are developing new suppliers outside of China, mainly in the South East Asian region, causing intensifying pricing competition with industry peers and putting pressure on us to sustain the gross margin of our products. Based on the intense market environment, an impairment loss of carrying value of goodwill of approximately HK\$29,000,000 was recognized in the consolidated income statement for the year ended 31 December 2023.

The Company is still in the process of finalizing the final results of the Group for the year ended 31 December 2023. Hence, the information disclosed in this announcement only represents a preliminary assessment by the Board and the management of the Group based on the information currently available to them, which have not yet been reviewed by the audit committee of the Company. The final results of the Group may differ from the information contained in this announcement which are subject to adjustments. Shareholders and potential investors of the Company are advised to read carefully the final results announcement of the Group for the year ended 31 December 2023, which is expected to be published in March 2024 in compliance with the requirements under the Listing Rules.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

* *For identification purposes only*

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

Hong Kong, 6 March 2024

As at the date of this announcement, the Board is comprised of 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.