



COSMOS MACHINERY ENTERPRISES LIMITED

(Incorporated in Hong Kong with limited liability)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30TH JUNE, 2002

INTERIM RESULTS

The board of directors (the "Board") of Cosmos Machinery Enterprises Limited (the "Company") announces that the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30th June, 2002 with comparative figures for the corresponding period in 2001 are as follows:

Condensed Consolidated Income Statement

Notes	Six months ended 30th June,	
	2002 (Unaudited) HK\$'000	2001 (Unaudited) HK\$'000
Turnover	585,937	657,048
Cost of sales	(445,861)	(526,881)
Gross profit	140,076	130,167
Other revenue	17,346	13,855
Distribution costs	(41,584)	(47,797)
Administrative expenses	(84,290)	(109,737)
Other operating expenses	(936)	(1,501)
Allowance for bad and doubtful debts	-	(11,428)
Profit (loss) from operations	30,612	(26,441)
Finance costs	(9,483)	(12,343)
Investment income	537	1,161
(Loss) gain on disposal of subsidiaries	(1,316)	4,654
Loss on disposal of associates	-	(788)
Share of results of associates	6,223	6,845
Profit (loss) before taxation	26,573	(26,912)
Taxation	5,294	3,239
Profit (loss) before minority interests	21,279	(30,151)
Minority interests	10,768	6,345
Net profit (loss) for the period	10,511	(36,496)
Earnings (loss) per share – basic	1.6 cents	(5.7 cents)

Notes

1. Significant accounting policies

The unaudited condensed consolidated interim financial statements of the Group have been prepared in accordance with Statement of Standard Accounting Practice ("SSAP") 25 Interim financial reporting. The accounting policies and basis of preparation are the same as those used in the annual financial statements for the year ended 31st December, 2001, except as described below.

In the current period, the Group has adopted, for the first time, a number of new and revised SSAPs issued by the Hong Kong Society of Accountants:

SSAP 1 (revised)	:	Presentation of financial statements
SSAP 11 (revised)	:	Foreign currency translation
SSAP 15 (revised)	:	Cash flow statements
SSAP 34	:	Employee benefits

There is no material impact on the financial results and the financial position of the Group by the adoption of the above new and revised SSAPs. Certain comparative figures have been reclassified to conform to the current period's presentation.

2. Segmental information

The Group's turnover and contribution to profit (loss) from operations for the six months ended 30th June, 2002 and analysed by business segment and geographical market are as follows:

	Turnover		Contribution to profit (loss)	
	Six months ended		from operations	
	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
By business segment:				
Industrial consumables	93,458	105,943	10,906	(34,462)
Plastic processing/products	74,184	99,768	5,995	17,622
Industrial machinery	253,985	222,049	32,812	10,741
Electronic products	56,176	118,229	(11,012)	(8,553)
Printed circuit boards	96,344	91,656	6,105	4,505
Other operations	11,790	19,403	(1,374)	(5,814)
	585,937	657,048	43,432	(15,961)
Unallocated corporate expenses			(12,820)	(10,480)
Profit (loss) from operations			30,612	(26,441)
Finance costs			(9,483)	(12,343)
Investment income			537	1,161
(Loss) gain on disposal of subsidiaries			(1,316)	4,654
Loss on disposal of associates			-	(788)
Share of results of associates			6,223	6,845
Profit (loss) before taxation			26,573	(26,912)
By geographical market:				
Hong Kong	192,855	166,436	22,896	(15,103)
The People's Republic of China (the "PRC") excluding Hong Kong	276,443	219,811	26,864	(10,539)
Other Asia-Pacific countries	62,862	140,243	(5,282)	5,465
Europe	36,254	94,787	1,028	6,318
North America	17,523	35,771	(2,074)	(2,102)
	585,937	657,048	43,432	(15,961)
Unallocated corporate expenses			(12,820)	(10,480)
Profit (loss) from operations			30,612	(26,441)

3. Profit (loss) from operations

	For the six months ended	
	2002	2001
	HK\$'000	HK\$'000
Profit (loss) from operations has been arrived at after charging:		
Depreciation and amortisation		
Depreciation and amortisation on:		
Owned assets	25,500	24,443
Assets held under finance leases and hire purchase contracts	2,554	3,448
Amortisation of goodwill (included in other operating expenses)	936	1,501
Loss on disposal of property, plant and equipment	2,046	1,113
and after crediting:		
Release of negative goodwill to income (included in other revenue)	351	3,213

4. Taxation

	For the six months ended	
	2002	2001
	HK\$'000	HK\$'000
The charge comprises:		
Hong Kong Profits Tax	2,992	1,183
Overseas taxation	1,633	1,165
Deferred taxation	-	210
Taxation attributable to the Company and its subsidiaries	4,625	2,558
Share of tax on results of associates	669	681
	5,294	3,239

Hong Kong Profits Tax is calculated at 16% (2001: 16%) on the estimated assessable profit for the period.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

5. Earnings (loss) per share

The calculation of the basic earnings (loss) per share for the period is based on the net profit for the period of approximately HK\$10,511,000 (2001: loss of approximately HK\$36,496,000) and on the weighted average number of shares in issue during the period of 640,838,234 (2001: 640,831,772).

The computation of diluted earnings (loss) per share for period ended 30th June, 2002 or 2001 does not assume the exercise of options and warrants because the exercise price of the Company's options and warrants were higher than the average market price of shares for both periods.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend in respect of the six months ended 30th June, 2002 (2001: Nil).

BUSINESS REVIEW AND PROSPECTS

Business Review

The consolidated turnover of the Group for the first half of the year amounted to approximately HK\$585,937,000. Since the business of electronic products was undergoing a stage of rationalization and the results of plastic processing business were unfavorable. As a result, a decrease in turnover of approximately 11% over the corresponding period last year, representing approximately HK\$71,111,000, was recorded. During the period under review, operating profit of approximately HK\$30,612,000 and the net profit attributable to shareholders of approximately HK\$10,511,000 was recorded.

Confronted by the adverse market conditions last year, the Group's management conducted a vigorous and earnest review of our business, and implemented a contingency plan that successfully optimized our assets and controlled and reduced various overheads and costs of production. Although the market remained sluggish on the whole in the first half of 2002, the Group showed an improvement in consolidated performance and a turnaround to profit, thanks to the concerted efforts of our staff. The profit after tax during the period was approximately HK\$21,279,000.

The machinery business demonstrated the most remarkable improvement among all of our businesses. In spite of a sales volume similar to that of last year and a keen competition in the market, the machinery business managed to post a satisfactory profit in the first half of the year via effective cost control measures and an optimized management team. The new series of plastic injection moulding machines, which are more competitive than ever, have been well received since their market launch in the second half of the year. In April 2002, the Group and Japan's UBE Machinery Corporation Ltd. ("UBE") entered into a technology transfer agreement, pursuant to which the Group was licensed to manufacture UBE's extra large injection moulding machine series targeting mainly the PRC automobile component market. Preparations are now underway and the first batch of products will be ready for delivery at the end of the year. The Group believes that these new series will become a new source of growth for our machinery business. Besides, the Group will also strengthen its technological development by setting up a technology development center. In addition to researching and developing new products on plastic processing machinery, the Group will invest in the development of precise metal forming machinery for the purpose of further strengthening our core businesses.

Owing to the significant fluctuation in plastic resin prices this year, profit from the plastic processing business was to an extent affected during the year. We believe, however, that this business will be able to perform better in the latter half of the year. Construction of the processing plant for plastic hygienic food containers and cutlery in Zhuhai commenced at the beginning of the year. It is anticipated that this plant will be ready for commercial production early next year when this will lay a new and solid foundation for our expansion into professional plastic processing business. The custom moulding plants established in cities like Shenyang City in Liaoning Province, Shuofang City in Jiangsu Province and Dongguan last year have all registered reasonable profits. In June this year, the Group set up a joint venture for plastic processing plant in Dalian Development Area with Dalian Bingshan Rubber & Plastics Co. Ltd.. This plant, which is scheduled to be completed in early next year, will supply plastic components to major home appliance makers in the area. Meanwhile, the plastic plant in Hefei, which began production in September this year, is supplying different plastic components to home appliance enterprises in Anhui Province and its surrounding regions. The Group believes that plastic products and the custom moulding business will gain new momentum for the Group in the years to come.

The audio and electronic business remained hampered by the adverse market conditions, resulting in an operating loss during the first half of the year. The management is taking serious steps to streamline this business so as to adapt to the new market competition and strive for a turnaround.

The printed circuit board business has been undergoing new market exploration since its expansion of production scale late last year. As a result of this exploration, the business managed to avoid the computer market depression and penetrate the European, US and Southeast Asian markets with both order number and profit reaching targets in the first half of the year. The Group is confident about achieving more satisfactory results in the next half of the year.

The trading business attained a turnaround to profit in the first half of the year following the completion of asset rationalization. In particular, the industrial consumables posted satisfactory results in the PRC market. Capitalizing on the existing foundation, this business will be able to make long-term profit contribution to the Group.

Prospects

As in all unfavorable market conditions in the past, the Company has always adopted a pragmatic approach by realigning its business in response to the latest market changes. Building on the coordinated efforts of our staff and our reinforced and optimized management team, we are confident that the Group will be able to make further result improvements for the rest of the year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group finances its operations with internally generated cash flow and banking facilities provided by its bankers in Hong Kong and China. Both the liquidity ratio and gearing ratio were maintained at a healthy level as in line with the Group's prudent cash management strategy. Inventory level was strictly controlled and accounts receivable was closely monitored. The Group's gearing ratio as at 30th June, 2002 was 2.7% (31st December, 2001: 3.6%) which was calculated based on long term borrowings of approximately HK\$15,797,000 (31st December, 2001: approximately HK\$20,672,000) and shareholders' funds of approximately HK\$587,996,000 (31st December, 2001: approximately HK\$579,854,000).

AUDIT COMMITTEE

The audit committee (the "Committee") comprises the Company's two independent non-executive directors. The Group's unaudited condensed consolidated interim financial statements for the period ended 30th June, 2002 have been reviewed by the Committee which is of the opinion that such financial statements comply with the applicable accounting standards and legal requirements of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") and, that adequate disclosures have been made.

EMPLOYEES AND REMUNERATION POLICY

As at 30th June, 2002, the Group has approximately 6,000 employees (2001: approximately 6,000), remunerations were formulated in accordance with performance of employees, business development and prevailing market conditions. Apart from in-house training programs, benefits also include schemes of insurance, retirement and so on.

PUBLICATION OF DETAILED RESULTS ON THE STOCK EXCHANGE'S WEBSITE

The Company's interim results containing all the information required by paragraph 46(1) to 46(6) of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange will be published on the website of the Stock Exchange in due course.

On behalf of the Board
TANG To
Chairman

Hong Kong, 25th September, 2002

"The Company's 2002 interim results can also be accessed at the Company's website, www.cosmel.com."



COSMOS MACHINERY ENTERPRISES LIMITED

大同機械企業有限公司

(於香港註冊成立之有限公司)

中期業績公佈 截至二零零二年六月三十日止六個月

中期業績

大同機械企業有限公司(「本公司」)董事會(「董事會」)謹此宣佈本公司及其附屬公司(「本集團」)截至二零零二年六月三十日止六個月之未經審核綜合業績連同二零零一年同期之比較數字如下:

簡明綜合收入報表

	附註	截至六月三十日止 六個月	
		二零零二年 (未經審核) 千港元	二零零一年 (未經審核) 千港元
營業額	2	585,937	657,048
銷售成本		(445,861)	(526,881)
毛利		140,076	130,167
其他收入		17,346	13,855
分銷成本		(41,584)	(47,797)
行政支出		(84,290)	(109,737)
其他營運支出		(936)	(1,501)
呆壞帳撥備		-	(11,428)
經營溢利(虧損)	3	30,612	(26,441)
財務費用支出		(9,483)	(12,343)
投資收入		537	1,161
出售附屬公司(虧損)收益		(1,316)	4,654
出售聯營公司虧損		-	(788)
應佔聯營公司業績		6,223	6,845
除稅前溢利(虧損)		26,573	(26,912)
稅項	4	5,294	3,239
扣除少數股東權益前 溢利(虧損)		21,279	(30,151)
少數股東權益		10,768	6,345
本期溢利(虧損)淨額		10,511	(36,496)
每股盈利(虧損) - 基本	5	1.6仙	(5.7仙)

附註:

1. 主要會計政策

本集團之未經審核簡明綜合中期財務報表乃根據會計實務準則第25條「中期財務報告」而編製。除以下所述,所採用之會計政策及編製基準乃與該些截至二零零一年十二月三十一日止年度財務報表所採用的一致。

於本期間內,本集團首次採用若干由香港會計師公會發出之新訂立及修訂之會計實務準則:

會計實務準則第1條(修訂):	財務報告的列報方式
會計實務準則第11條(修訂):	外幣折算
會計實務準則第15條(修訂):	現金流量表
會計實務準則第34條:	僱員福利

採用上述新訂立及修訂之會計實務準則對本集團之財務業績及財務狀況並無重大影響。若干比較數字已重新編列,以符合本報表目呈列方式。

2. 分類資料

本集團截至二零零二年六月三十日止六個月之營業額及經營溢利收益(虧損)及按業務及地區市場劃分之分析如下:

	營業額		經營溢利收益(虧損)	
	截至六月三十日止六個月 二零零二年 千港元	二零零一年 千港元	截至六月三十日止六個月 二零零二年 千港元	二零零一年 千港元
按業務劃分:				
工業消耗品	93,458	105,943	10,906	(34,462)
塑料加工/產品	74,184	99,768	5,995	17,622
工業機械	253,985	222,049	32,812	10,741
電子產品	56,176	118,229	(11,012)	(8,553)
線路板	96,344	91,656	6,105	4,505
其他營運	11,790	19,403	(1,374)	(5,814)
	585,937	657,048	43,432	(15,961)
未分配公司費用			(12,820)	(10,480)
經營溢利(虧損)			30,612	(26,441)
財務費用支出			(9,483)	(12,343)
投資收入			537	1,161
出售附屬公司 (虧損)收益			(1,316)	4,654
出售聯營公司虧損			-	(788)
應佔聯營公司業績			6,223	6,845
除稅前溢利(虧損)			26,573	(26,912)
按地區市場劃分:				
香港	192,855	166,436	22,896	(15,103)
中華人民共和國 (「中國」)				
不包括香港 其他亞太國家	276,443	219,811	26,864	(10,539)
歐洲	62,862	140,243	(5,282)	5,465
北美洲	36,254	94,787	1,028	6,318
	17,523	35,771	(2,074)	(2,102)
	585,937	657,048	43,432	(15,961)
未分配公司費用			(12,820)	(10,480)
經營溢利(虧損)			30,612	(26,441)

3. 經營溢利(虧損)

	截至六月三十日止 六個月	
	二零零二年 千港元	二零零一年 千港元
所得經營溢利(虧損)已扣除:		
折舊及攤銷		
折舊及攤銷		
自購資產	25,500	24,443
以融資借貸及租賃合約 持有資產	2,554	3,448
商譽攤銷(已包括在 其他營運支出)	936	1,501
出售物業、廠房及設備虧損	2,046	1,113
及已計入:		
負商譽撥作收入(已包括在其他收入)	351	3,213

4. 稅項

	截至六月三十日止 六個月	
	二零零二年 千港元	二零零一年 千港元
支出包括:		
香港利得稅	2,992	1,183
海外稅項	1,633	1,165
遞延稅項	-	210
本公司及其附屬公司應佔稅項	4,625	2,558
應佔聯營公司稅項	669	681
	5,294	3,239

香港利得稅乃按期內估計應課稅溢利16%(二零零一年:16%)計算。

於其他司法權區所產生稅項乃按有關該司法權區現行之稅率計算。

5. 每股盈利(虧損)

本期每股基本盈利(虧損)乃按本期溢利約10,511,000港元(二零零一年:虧損約36,496,000港元)及期內已發行股份加權平均數640,838,234股(二零零一年:640,831,772股)計算。

由於本公司優先認股權及認股權證之行使價均高於截至二零零二年六月三十日止及截至二零零一年六月三十日止期內股份之市場平均價,故計算每股攤薄盈利(虧損)時並未假設該等優先認股權及認股權證會獲行使。

中期股息

董事會議決不派發截至二零零二年六月三十日止六個月之中期股息(二零零一年:無)。

業務回顧與展望

業務回顧

本集團於上半年之綜合營業額約為585,937,000港元,由於電子產品業務處於調整階段及塑料產品業務未如理想,因此,營業額與去年同期比較減少約11%,即約為71,111,000港元。於回顧期間,錄得經營溢利約為30,612,000港元及股東應佔溢利淨額約為10,511,000港元。

於去年的逆境中,我等管理層嚴肅認真反思與檢討,制定相應的策略,完成了對業務的整頓,使資產得以優化,各項成本及費用得到控制及降減,面對二零零二年的上半段,雖然總體市況未見蓬勃,唯通過公司各員工的努力,企業的綜合業績得以改善,轉虧為盈。稅後純利約為21,279,000港元。

各項業務中,以機械業務的成績最為顯著,儘管銷售額與去年相若,兼且處於激烈的市場競爭中,通過成本的控制及管理隊伍的優化,上半年的盈利較為理想。新一系列的注塑機將更有競爭能力,已在下半年開始推出市場,反應良好。本年四月與日本宇部興業株式會社(「該公司」)簽訂技術轉讓協議。生產該公司之超大型注塑機系列,主打中國汽車零部件市場,各項準備工作,業自開展,首批產品將於本年底交付予客戶使用,本集團相信此新產品系列,將為機械業務的新增長點。本集團將進一步強化技術開發,成立技術開發中心,隨研發塑料加工機械的新產品外,亦將投入資源,發展各類精密板金加工機械,進一步強化本集團的核心業務。

塑料產品業務於本年度由於塑料價格的大幅波動,對盈利有所影響,相信下半年度的業績應有所改善。用作塑料衛生食品器具加工的廠房,於年初在珠海動土籌建,期望在明年初應可順利竣工投入使用,為開展其專業注塑發展路向步上新的拓展基礎。去年於遼寧省沈陽市、江蘇省碩放市及東莞等城市成立之注塑加工廠房,初步錄得一定的盈利。本年六月,與大連冰山橡塑股份有限公司於大連開發區,合資注塑加工廠,新廠將於明年初落成,為區內之大型家電行業,提供注塑零件。此外,於合肥市的注塑廠,已於本年九月正式投產,為安徽省及其周邊的家電企業,提供各種注塑零部件。本集團相信,塑料產品及加工業務,將為本集團今後的發展,提供新的動力。

電子音響業務仍處於逆境,於本上半年度出現虧損,管理層正認真整頓,以適應目前新的競爭,扭轉局面。

線路板業務自去年底擴充了生產規模後,一直致力於新市場開拓,迴避了電腦市場的低潮,將業務成功地開展至歐洲、美國及東南亞等市場,上半年的訂單與盈利都達至預期,有信心下半年的成績將更為理想。

貿易業務,隨着調整期的結束,於本上半年度經已扭虧轉盈,其中工業消耗品在國內的市場,取得理想的盈利成績,按目前的基礎,該業務將為本集團提供長期的盈利貢獻。

展望

本公司在過去的逆境中,憑藉實事求是的作風對業務作認真的整頓,對市場新的變化作應變策劃,管理隊伍的加強及優化,對全年度有進一步的盈利業績保持信心,全體同事的群策群力,以目前的基礎將會創造更佳的成績。

流動資金及財政資源

本集團以內部產生的現金流量、香港及中國往來銀行提供的銀行備用額作為營運資金。在本集團審慎的現金管理策略下,流動資金比率和資產負債比率均保持在良好水平。本集團嚴謹控制存貨量,並且密切注視應收帳款的情況。本集團於二零零二年六月三十日的資產負債比率為2.7%(二零零一年十二月三十一日:3.6%),以長期貸款約15,797,000港元(二零零一年十二月三十一日:約20,672,000港元)及股東資金約587,996,000港元(二零零一年十二月三十一日:約579,854,000港元)計算。

審核委員會

審核委員會(「該委員會」)由本公司兩名獨立非執行董事組成。本集團截至二零零二年六月三十日止期間之未經審核簡明綜合中期財務報表已由該委員會審議,並認為該等財務報表乃遵照適用之會計準則及香港聯合交易所有限公司(「聯交所」)之規定及已作出足夠披露。

僱員及薪酬政策

截至二零零二年六月三十日,本集團之僱員約共6,000名(二零零一年:約共6,000名),薪酬乃按僱員表現、業務發展及市場情況而釐定。除內部培訓課程外,福利亦包括保險、退休等計劃。

在聯交所網頁內刊登詳盡之業績

載有聯交所證券上市規則附錄16第46(1)至46(6)段規定本公司二零零二年中期業績之全部資料將在適當時間於聯交所網站刊登。

代表董事會
主席
鄧熹

香港,二零零二年九月二十五日

本公司二零零二年之中期業績亦可於本公司網站www.cosmel.com取得。