

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



COSMOS MACHINERY ENTERPRISES LIMITED

大同機械企業有限公司

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

(Stock Code: 118)

FINAL DIVIDEND FOR THE YEAR ENDED 31 DECEMBER 2004

1. The new Shares under the scrip dividend entitlements will be issued at a price of HK\$0.40 per Share, the nominal value of each Share, which is higher than the Average Closing Price. The details of the calculation of the scrip dividend entitlements are set out below.
2. The average closing price of one Share for the five trading days (on which such price is available) up to and including 13 June 2005 is HK\$0.366, which is below HK\$0.40 (the nominal value of each Share). As new Shares cannot be issued at a price below their nominal value unless the issue is sanctioned by the court and a number of other conditions are met under the Companies Ordinance, the scrip dividend entitlements will be calculated based on the nominal value of HK\$0.40 per Share, instead of the Average Closing Price.
3. If any Shareholder does not complete and return the Form of Election by not later than 4:00 p.m. on Monday, 27 June, 2005, the Shareholder will receive the Final Dividend in the form of new Shares, effectively at a price per Share which is higher than the Average Closing Price. Any Shareholder who does not wish to receive the Final Dividend in the form of new Shares at the effective price of HK\$0.40 per Share (which is higher than the Average Closing Price) must make appropriate election on the Form of Election and return it to the Share Registrars of the Company so as to reach them by not later than 4:00 p.m. on Monday, 27 June 2005.

On 26 April 2005, the board of directors (the "Board") of Cosmos Machinery Enterprises Limited (the "Company") announced, among other things, their recommendation of a final dividend for the year ended 31 December 2004 (the "Final Dividend") in scrip form to shareholders whose names appear on the register of members of the Company on 30 May 2005 (the "Record Date") equivalent to HK\$0.01 per ordinary share of nominal value of HK\$0.40 each (the "Share") with an alternative to the shareholders of the Company (the "Shareholders") to elect to receive the Final Dividend in cash in lieu of all or part of their scrip dividend entitlements. At the annual general meeting of the Company held on 30 May 2005, the Final Dividend was approved by the Shareholders.

A circular setting out details of the Final Dividend was sent to the Shareholders on 6 June 2005 (the "Scrip Dividend Circular"). Forms of election (the "Forms of Election") were sent to the Shareholders together with the Scrip Dividend Circular. It was mentioned, among others, in the Scrip Dividend Circular that for the purpose of calculating the number of new Shares to be allotted, the market value of a new Share will be calculated as an amount equal to the average closing price of one Share on The Stock Exchange of Hong Kong Limited for the five trading days (on which such price is available) up to and including 13 June 2005 (the "Average Closing Price"). It is now determined that the Average Closing Price is HK\$0.366, which is below HK\$0.40 (the nominal value of each Share). Under the Companies Ordinance (Chapter 32, Laws of Hong Kong) (the "Companies Ordinance"), new Shares cannot be issued at a price below their nominal value unless the issue is sanctioned by the court and a number of other conditions are met. After considering the time required to obtain the court sanction and to meet other requirements under the Companies Ordinance for issuing the new Shares below their nominal value, the Board considers that it is not advisable for the Company to do so. Therefore, the scrip dividend entitlements will be calculated based on the nominal value of the Shares at HK\$0.40 per Share, instead of the Average Closing Price. Accordingly, the number of new Shares which the Shareholders (other than those who elect to receive the Final Dividend wholly in cash) will receive, in respect of the existing Shares registered in their names as at the Record Date and for which cash election is not made will be calculated as follows:-

$$\begin{array}{rcl} \text{Number of new} & & \text{Number of existing Shares held} \\ \text{Shares to be} & = & \text{on the Record Date for which} \\ \text{received} & & \text{cash election is not made} \end{array} \quad \times \quad \frac{\text{HK\$0.01}}{\text{HK\$0.40}}$$

The number of new Shares to be received will be rounded down to the nearest whole number of the new Shares. Fractional entitlements to new Shares will be aggregated and sold and the benefit thereof will accrue to the Company. The new Shares to be issued in respect of the Final Dividend will rank pari passu in all respects with the existing issued Shares except that they shall not rank for the Final Dividend.

Shareholders who wish to receive the Final Dividend wholly in cash, or partly in cash and partly in new Shares, are reminded that the Form of Election must be completed, signed and returned to the Share Registrars of the Company, Secretaries Limited at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong so as to reach them by not later than 4:00 p.m. on Monday, 27 June 2005.

If any Shareholder does not complete and return the Form of Election by not later than 4:00 p.m. on Monday, 27 June, 2005, the Shareholder will receive the Final Dividend in the form of new Shares, effectively at a price per Share which is higher than the Average Closing Price. Any Shareholder who does not wish to receive the Final Dividend in the form of new Shares at the effective price of HK\$0.40 per Share (which is higher than the Average Closing Price) must make an appropriate election on the Form of Election in accordance with the instructions printed thereon and return it to the Share Registrars of the Company so as to reach them by not later than 4:00 p.m. on Monday, 27 June 2005. If any Shareholder chooses to receive the Final Dividend wholly in new Shares, the Shareholder concerned does not have to complete and return a Form of Election.

Any Shareholder who has not received the Form of Election or has mislaid the Form of Election may contact the Share Registrars of the Company at the address stated above for another copy of the Form of Election. Any beneficial owners of Shares whose Shares are registered in the name of a nominee, trustee or registered owner in any other capacity should make arrangement with such nominee, trustee or registered owner in relation to the completion and return of the Form of Election in accordance with the wishes of the beneficial owners.

Application has been made to the Listing Committee of The Stock Exchange of Hong Kong Limited for the grant of listing of and permission to deal in the new Shares. Share certificates for the new Shares and/or cheques for cash dividend will be posted by ordinary mail to those Shareholders entitled thereto at their own risk on or around Thursday, 7 July 2005.

Shareholders who are in doubt as to any aspect of this announcement or the scrip dividend scheme, or as to the action to be taken, should consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

By Order of the Board
TANG To
Chairman

Hong Kong, 13 June 2005

As at the date hereof, the board of directors of the Company comprises Mr. Tang To (Chairman), Mr. Zhao Zhuoying, Mr. Wong Yiu Ming, Mr. Yan Wing Fai Richard and Mr. Li Tin Loi as executive directors; Mr. Tang Kwan (Honorary Chairman), Mr. He Zhiqi (Vice Chairman) and Mr. Kan Wai Wah as non-executive directors; and Mr. Liang Shangli, Mr. Yip Jeffery and Miss Yeung Shuk Fan as independent non-executive directors.

"Please also refer to the published version of this announcement in The Standard."

香港聯合交易所有限公司對本通告的內容概不負責，對其準確性或完整性亦不發表任何聲明，並明確表示概不就因本通告全部或任何部份內容而產生或因倚賴該等內容而引致之任何損失承擔任何責任。



COSMOS MACHINERY ENTERPRISES LIMITED

大同機械企業有限公司

(根據公司條例在香港註冊成立的有限公司)

(股份代號：118)

截至二零零四年十二月三十一日止年度之末期股息

1. 以股代息權益下之新股份將以每股0.40港元(每股之面值)之價格發行，較平均收市價為高，請見下列計算以股代息權益之詳情。
2. 直至二零零五年六月十三日(包括該日)止五個交易日(可提供收市價之日)之平均收市價為0.366港元，低於0.40港元(每股股份之面值)。根據公司條例，新股份不得以低於面值發行(除非法院批准發行及各項其他條件均已達到)，以股代息權益將以面值每股0.40港元代替平均收市價作為計算基準。
3. 如任何股東不在二零零五年六月二十七日星期一下午四時正前填妥及交回選擇表格，股東將以每股高於平均收市價之實際價格以新股份方式收取末期股息。任何股東不擬按實際價格每股0.40港元(高於平均收市價)之新股份方式收取末期股息，則必須於選擇表格上作出適當之選擇，並於二零零五年六月二十七日星期一下午四時正前送達本公司股份過戶登記處。

大同機械企業有限公司(「本公司」)董事會(「董事會」)於二零零五年四月二十六日宣佈，包括但不限於其建議透過以股代息方式，向於二零零五年五月三十日(「記錄日期」)名列本公司股東名冊的股東，派付截至二零零四年十二月三十一日止年度的末期股息(「末期股息」)，相當於本公司每股面值0.40港元的普通股(「股份」)0.01港元，本公司股東(「股東」)可另行選擇以現金方式收取末期股息，以代替彼等之全部或部份以股代息權益。於二零零五年五月三十日舉行之股東週年大會上，末期股息已獲股東批准。

載有末期股息詳情之通函已於二零零五年六月六日寄予各股東(「以股代息通函」)。選擇表格(「選擇表格」)已連同以股代息通函一併寄予各股東。函中提述，包括但不限於，為計算將予配發之新股份數目，新股份之市值將被計算作相等於一股股份在香港聯合交易所有限公司於直至二零零五年六月十三日(包括該日)止五個交易日(可提供股價之交易日)之平均收市價之金額(「平均收市價」)，現在已經確定該平均收市價為0.366港元，該價格低於0.40港元(每股股份之面值)。根據公司條例(香港法例第三十二章)(「公司條例」)，新股份不得以低於面值發行(除非法院批准發行及各項其他條件均已達到)。考慮到取得法院批准及達到公司條例規定所需的時間以低於面值發行新股份，董事認為並不可取。故此，以股代息權益以面值每股0.40港元代替平均收市價作為計算基準。因此，股東(擬選擇全數以現金收取末期股息之股東除外)於記錄日期就以其名義登記的現有股份而將收取的新股份數目，將按以下公式計算：

$$\text{將收取的新股份數目} = \text{於記錄日期持有不選擇收取現金的現有股份數目} \times \frac{0.01 \text{ 港元}}{0.40 \text{ 港元}}$$

將收取之新股份數目，將下調至最接近的新股份完整數目。新股份的零碎權益將會彙集出售，所得收益將撥歸本公司所有。就末期股息將予發行之新股份將在各方面與現有已發行股份享有相同權益，惟彼等不會享有末期股息。

擬全數收取現金或部份收取現金及部份新股份作為末期股息的股東，請將選擇表格填妥及簽署，並於二零零五年六月二十七日星期一下午四時正前交回本公司股份過戶登記處，秘書商業服務有限公司，地址為香港灣仔告士打道56號東亞銀行港灣中心地下。

如任何股東不在該時限前填妥及交回選擇表格，將以每股高於平均收市價之實際價格以新股份方式收取末期股息。任何股東不擬按實際價格每股0.40港元(高於平均收市價)之新股份方式收取末期股息，則必須按照印備之指示於選擇表格上作出適當之選擇，並於二零零五年六月二十七日星期一下午四時正前送達本公司股份過戶登記處。如股東選擇以全數新股份收取末期股息，則有關股東毋需填寫及交回選擇表格。

任何並未收取選擇表格或遺失選擇表格的股東可聯絡於上述地址之本公司股份過戶登記處另行索取選擇表格。任何以代名人、信託人或其他身份登記持有人名義登記其股份之股份受益人，應根據受益人之意願就填寫及交回選擇表格與該代名人、信託人或登記持有人作出有關安排。

本公司已向香港聯合交易所有限公司上市委員會申請批准將新股份上市及買賣。新股份股票及/或現金股息支票將於二零零五年七月七日星期四或前後以普通郵遞方式寄發予有權收取之股東，郵誤風險概由彼等承擔。

各股東如對本通告或以股代息計劃的任何方面或應採取的行動有任何疑問，應諮詢彼等之持牌證券商、銀行經理、律師、專業會計師或其他專業顧問。

承董事會命
主席
鄧熹

香港，二零零五年六月十三日

於本通告日期，本公司之董事會成員包括鄧熹先生(主席)、趙卓英先生、黃耀明先生、甄榮輝先生及李天來先生為執行董事；鄧焜先生(榮譽主席)、何志奇先生(副主席)及簡衛華先生為非執行董事；及梁尚立先生、葉慶輝先生及楊淑芬小姐為獨立非執行董事。

「請同時參閱本公布於經濟日報刊登的內容。」