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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)

ANNOUNCEMENT

Proposal for A Share Issue by an associate on the Shenzhen Stock Exchange

Financial adviser



REXCAPITAL (HONG KONG) LIMITED

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

On 7th June, 2007, the Company has received a letter from the Associate dated 7th June, 2007 which stated that the board of directors of the Associate decided to proceed with the proposal for the A Share Issue, and where the Associate proceeds to make the formal application to the CSRC, the Associate will update its shareholders of such important development accordingly.

Shareholders of the Company should note that the proposed A Share Issue may or may not proceed. In the event that the Company is updated of the important development of the Associate in respect of its submission of the formal application to the CSRC, the Company will comply with the relevant disclosure and shareholders' approval requirements of the Listing Rules, if any, as and when appropriate. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

The directors of Cosmos Machinery Enterprises Limited (the "Company") (the "Directors") are pleased to announce that on 7th June, 2007, the Company has received a letter from its associate (the "Associate") dated 7th June, 2007 which stated that the board of directors of the Associate decided to proceed with the proposal for the A share issue on the Shenzhen Stock Exchange (the "A Share Issue"), and where the Associate proceeds to make the formal application to the China Securities Regulatory Commission ("CSRC"), the Associate will update its shareholders of such important development accordingly. Further, as instructed by the Associate, owing to commercial reasons and advices sought from professional consultants, the identity of the Associate would not be disclosed at this moment until listing approval is granted by the CSRC.

Shareholders of the Company should note that the proposed A Share Issue may or may not proceed. In the event that the Company is updated of the important development of the Associate in respect of its submission of the formal application to the CSRC, the Company will comply with the relevant disclosure and shareholders' approval requirements of the Listing Rules, if any, as and when appropriate. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 7th June, 2007

As at the date hereof, the Board of the Company comprises of twelve directors, of which five are executive directors, namely Mr. Tang To, Mr. Jiang Wei, Mr. Wong Yiu Ming, Mr. Yan Wing Fai Richard and Mr. Li Tin Loi, and four are non-executive directors, namely Mr. Tang Kwan, Mr. Wu Ding, Mr. Kan Wai Wah and Mr. Qu Jinping and three are independent non-executive directors, namely Mr. Yip Jeffery, Miss Yeung Shuk Fan and Mr. Cheng Tak Yin.

“Please also refer to the published version of this announcement in The Standard”