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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

**Proposed A Share Issue by the Associate, Suzhou Sanguang Science & Technology Co. Ltd.
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.

The Directors received a notice from Suzhou Sanguang dated 31st January, 2008 which stated that they will release a public announcement in Suzhou Daily and Xinhua Daily on its decision to proceed with the initial public offering of its shares in the securities market of the PRC and that it has been under close supervision and guidance for application in the A Share Issue on Shenzhen Stock Exchange by Guolian Securities Co. Ltd.. Where Suzhou Sanguang proceeds to make the formal application to the CSRC, Suzhou Sanguang would 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 Suzhou Sanguang 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") have received a notice from its 21.13% owned associate, Suzhou Sanguang Science & Technology Co., Ltd. ("蘇州三光科技股份有限公司") ("Suzhou Sanguang") dated 31st January, 2008 which stated that Suzhou Sanguang will release a public announcement in Suzhou Daily and Xinhua Daily on its decision to proceed with the initial public offering of its shares in the securities market of the PRC and that it has been under close supervision and guidance for application in the A Share Issue on Shenzhen Stock Exchange by Guolian Securities Co. Ltd..

Where Suzhou Sanguang proceeds to make the formal application to the China Securities Regulatory Commission (the “CSRC”), Suzhou Sanguang would 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 Suzhou Sanguang 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, 31st January, 2008

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, Ms. Yeung Shuk Fan and Mr. Cheng Tak Yin.