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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)

PROFIT WARNING

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

The Board wishes to inform the shareholders of the Company and potential investors that the unaudited consolidated financial results of the Group for the six months ended 30th June, 2012 may incur a loss.

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

This announcement is made by Cosmos Machinery Enterprises Limited (the “Company”, and together with its subsidiaries, the “Group”) 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 board of directors of the Company (the “Board”) wishes to inform the shareholders of the Company and potential investors that the unaudited consolidated financial results of the Group for the six months ended 30th June, 2012 may incur a loss.

The Board considers that the expected loss was mainly attributable to the drop of customers’ demand and postponements of orders under the persistent economic downturn and uncertainties of global and the PRC markets. As a result, the sales amount in several core businesses of the Group were affected. Furthermore, profit margins were reduced due to the rise in labour cost and fluctuation of raw materials prices. Nevertheless, the Board considers that the overall financial position and operations of the Group remain sound and healthy, and remains optimistic to the long term growth and development of the Group.

The information contained in this announcement is only a preliminary assessment made by the management of the Company based on the unaudited consolidated management accounts of the Group, and such information has not been audited or reviewed by the Company's auditors. Further details of the Group's performance will be disclosed in the interim results announcement for the six months ended 30th June, 2012, which is expected to be published in late August 2012.

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
Cosmos Machinery Enterprises Limited
TANG To
Chairman

Hong Kong, 7th August, 2012

As at the date hereof, the Board comprises of ten directors, of which four are executive directors, namely Mr. Tang To, Mr. Jiang Wei, Mr. Wong Yiu Ming and Mr. Tang Yu, Freeman; three are non-executive directors, namely Mr. Wu Ding, Mr. Kan Wai Wah and Mr. Qu Jinping and three are independent non-executive directors, namely Ms. Yeung Shuk Fan, Mr. Cheng Tak Yin and Mr. Ho Wei Sem.