

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



大同機械企業有限公司

COSMOS MACHINERY ENTERPRISES LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 118)

MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE PROPOSED DISPOSAL

This announcement is made pursuant to Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The board of directors (the “Board”) of Cosmos Machinery Enterprises Limited (the “Company”) announces that on 10th January 2013 (after trading hour), a wholly-owned subsidiary of the Company entered into a non-legally binding memorandum of understanding (the “MOU”) with a purchaser (the “Purchaser”) in relation to the proposed disposal (the “Proposed Disposal”) of certain shareholding interests in an associate company of the Company, Hon Kiu Machine Factory Limited (which the Company owns 49.4%) (“Hon Kiu”). As at the date of this announcement, Hon Kiu holds 51,000,000 shares (representing 63.75%) in Shenzhen Haoningda Meters Co., Ltd, which is a joint stock limited company in the PRC and whose shares are listed on the Shenzhen Stock Exchange.

To the best knowledge, information and belief of the directors of the Company having made all reasonable enquiries, the Purchaser is a third party independent of the Company and its connected persons (as defined under the Listing Rules).

Pursuant to the MOU, both parties agree to proceed with the negotiations regarding the terms and conditions of the Proposed Disposal, and all these will be confirmed upon the agreement is signed.

The Proposed Disposal, if it proceeds, is expected to be a notifiable transaction of the Company under Chapter 14 of the Listing Rules and the Company shall comply with the relevant disclosure and/or shareholders’ approval requirement accordingly where appropriate.

Shareholders of the Company and potential investors should note that the Proposed Disposal pursuant to the MOU may or may not proceed, no formally binding documentation have been executed. Accordingly, shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

The Company will make further announcements to update the progress of the Proposed Disposal as and when required in accordance with the relevant Listing Rules.

By order of the Board
COSMOS MACHINERY ENTERPRISES LIMITED
TANG To
Chairman

Hong Kong, 10th January, 2013

As at the date hereof, the Board comprises of eleven 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 four are independent non-executive directors, namely Ms. Yeung Shuk Fan, Mr. Cheng Tak Yin, Mr. Ho Wei Sem and Mr. Huang Zhi Wei.