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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 pursuant to Rule 13.09 of the Listing Rules and Inside Information Provisions under Part XIVA of the SFO.

The Board wishes to inform the shareholders of the Company and potential investors that, based on a preliminary review of the consolidated management accounts of the Group, the Group is expected to record a loss for the year ended 31st December, 2012.

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 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the “SFO”).

The board of directors of the Company (the “Board”) wishes to inform the shareholders of the Company and potential investors that, based on a preliminary review of the consolidated management accounts of the Group, the Group is expected to record a loss for the year ended 31st December, 2012.

The Board considers that the expected loss was mainly attributable to: (i) the drop of customers’ demand and postponements of orders under the persistent economic downturn and uncertainties of global and the PRC markets in 2012. As a results, the sales amount of the Group was affected; (ii) profit margins were reduced due to the rise in labour cost and fluctuation of raw materials prices. Nevertheless, the overall financial position and operations of the Group remain sound and healthy in such challenging operating environment. The Board 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. The audited consolidated financial results of the Group for the year have not been finalized and are subject to confirmation with the auditors of the Company. Further details of the Group's performance will be disclosed in the final results announcement for the year ended 31st December, 2012, which is expected to be published in late March 2013.

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, 6th March, 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.