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COSMOS MACHINERY ENTERPRISES LIMITED

大同機械企業有限公司

(Incorporated in Hong Kong with limited liability)

CONNECTED TRANSACTIONS RESTRUCTURING OF INTERESTS IN SUBSIDIARIES

The Board announces that on 5th December, 2003, the Dong Hua Agreement and the Dongguan Welltec Agreement were entered into between (i) WIEL; (ii) Dongguan Foreign Economic; (iii) Hua Ying Trading; and (iv) China Machinery. On the same date, the Dongguan Cosmos Agreement was entered into between (i) WIEL; (ii) Dongguan Foreign Economic; (iii) Hua Ying Trading; (iv) China Machinery; and (v) Dong Hua. The purpose of entering into the Agreements is to restructure the Group's shareholding interests in three subsidiaries of the Company, namely Dong Hua, Dongguan Welltec and Dongguan Cosmos.

The three subsidiaries concerned are principally engaged in the production of plastic injection moulding machinery, blow moulding machine, rubber injection moulding machine, auxiliary equipment for plastic injection moulding machinery and metal fabricating machinery. Upon completion of the Agreements, the three subsidiaries will have the same percentage shareholding structure. Given the similar nature of business of the three subsidiaries, it is anticipated that the restructuring would subsequently allow the Group to achieve a more efficient production process and internal resources allocation and control. Competitiveness of the existing business can thus be enhanced while development of new product can be benefited.

Since (i) Dongguan Foreign Economic and Hua Ying Trading are substantial shareholders of each of Dong Hua and Dongguan Welltec; and (ii) Dong Hua is a substantial shareholder of Dongguan Cosmos, the transactions contemplated under the Agreements constitute connected transactions of the Company under the Listing Rules. As the aggregate consideration is less than 3% of the consolidated net tangible assets of the Company as shown in its published unaudited interim accounts as at 30th June, 2003, the Agreements are only required to be disclosed by way of press announcement. Details of the Agreements will also be included in the next published annual report and accounts of the Company.

THE AGREEMENTS

THE DONG HUA AGREEMENT

Pursuant to the Dong Hua Agreement:

- (i) Dongguan Foreign Economic agreed to dispose of shareholding interest of 1.6% representing RMB652,800 (equivalent to approximately HK\$615,849) of the total registered capital in Dong Hua to WIEL at the consideration of RMB1,716,726 (equivalent to approximately HK\$1,619,553);
- (ii) Hua Ying Trading agreed to dispose of shareholding interest of 1.6% representing RMB652,800 (equivalent to approximately HK\$615,849) of the total registered capital in Dong Hua to WIEL at the consideration of RMB1,716,726 (equivalent to approximately HK\$1,619,553); and
- (iii) China Machinery agreed to dispose of shareholding interest of 0.4% representing RMB163,200 (equivalent to approximately HK\$153,962) of the total registered capital in Dong Hua to WIEL at the consideration of RMB429,182 (equivalent to approximately HK\$404,889).

After completion of the Dong Hua Agreement, the aggregate percentage of shareholding interests of the Minority Shareholders in Dong Hua shall be decreased from approximately 28.04% to approximately 24.44% and the percentage of shareholding interests of WIEL in Dong Hua shall be increased from approximately 71.96% to approximately 75.56%.

THE DONGGUAN WELLTEC AGREEMENT

Pursuant to the Dongguan Welltec Agreement:

- (i) Dongguan Foreign Economic agreed to dispose of shareholding interest of 1.6% representing HK\$894,720 of the total registered capital in Dongguan Welltec to WIEL at the consideration of RMB1,365,428 (equivalent to approximately HK\$1,288,140);
- (ii) Hua Ying Trading agreed to dispose of shareholding interest of 1.6% representing HK\$894,720 of the total registered capital in Dongguan Welltec to WIEL at the consideration of RMB1,365,428 (equivalent to approximately HK\$1,288,140); and
- (iii) China Machinery agreed to dispose of shareholding interest of 0.4% representing HK\$223,680 of the total registered capital in Dongguan Welltec to WIEL at the consideration of RMB341,357 (equivalent to approximately HK\$322,035).

After completion of the Dongguan Welltec Agreement, the aggregate percentage of shareholding interests of the Minority Shareholders in Dongguan Welltec shall be decreased from approximately 28.04% to approximately 24.44% and the percentage of shareholding interests of WIEL in Dongguan Welltec shall be increased from approximately 71.96% to approximately 75.56%.

THE DONGGUAN COSMOS AGREEMENT

Pursuant to the Dongguan Cosmos Agreement, Dong Hua agreed to dispose of shareholding interest of:

- (i) 4.97% representing HK\$1,491,000 of the total registered capital in Dongguan Cosmos to WIEL at the consideration of RMB2,125,906 (equivalent to approximately HK\$2,005,572);
- (ii) 10.86% representing HK\$3,258,000 of the total registered capital in Dongguan Cosmos to Dongguan Foreign Economic at the consideration of RMB4,645,339 (equivalent to approximately HK\$4,382,395);
- (iii) 10.86% representing HK\$3,258,000 of the total registered capital in Dongguan Cosmos to Hua Ying Trading at the consideration of RMB4,645,339 (equivalent to approximately HK\$4,382,395); and
- (iv) 2.72% representing HK\$816,000 of the total registered capital in Dongguan Cosmos to China Machinery at the consideration of RMB1,163,473 (equivalent to approximately HK\$1,097,615).

After completion of the Dongguan Cosmos Agreement, the percentage of shareholding interests of WIEL in Dongguan Cosmos shall be decreased from approximately 91.75%, of which approximately 21.16% is held through its interests in Dong Hua, to approximately 75.56%, which is held as direct interests. The aggregate percentage of shareholding interests of the Minority Shareholders in Dongguan Cosmos shall be increased from approximately 8.25%, which is held through their respective shareholding interests in Dong Hua, to approximately 24.44%, which is held as direct interests. The relevant changes of shareholding are shown in the charts below.

Details of the subsidiaries of the Group involved in the Agreements are set out below:–

1. WIEL

WIEL is wholly owned by the Company and was incorporated on 16th November, 1982 in Hong Kong. WIEL and its subsidiaries are principally engaged in the manufacture and sale of plastic injection moulding machinery and plastic products. WIEL is the immediate holding company of the three subsidiaries involved, namely Dong Hua, Dongguan Welltec and Dongguan Cosmos.

2. Dong Hua

Dong Hua is a joint venture established on 12th August, 1986 in the PRC and is principally engaged in the manufacturing and sale of plastic injection moulding machinery. Prior to the implementation of the Dong Hua Agreement, Dong Hua is approximately 71.96% held by WIEL, approximately 12.46% held by Dongguan Foreign Economic, approximately 12.46% held by Hua Ying Trading, and the remaining approximately 3.12% held by China Machinery.

For the two years ended 31st December, 2002, Dong Hua recorded an audited profit after tax of RMB5,313,065 (equivalent to approximately HK\$5,012,325) and RMB20,827,951 (equivalent to approximately HK\$19,649,010) respectively in accordance with the PRC accounting standards. The audited net asset value of Dong Hua as at 31st December, 2002 was RMB127,281,610 (equivalent to approximately HK\$120,076,991).

3. Dongguan Welltec

Dongguan Welltec is a joint venture established on 30th March, 1993 in the PRC and is principally engaged in the manufacturing and trading of plastic injection moulding machinery. Prior to the implementation of the Dongguan Welltec Agreement, Dongguan Welltec is approximately 71.96% held by WIEL, approximately 12.46% held by Dongguan Foreign Economic, approximately 12.46% held by Hua Ying Trading, and the remaining approximately 3.12% is held by China Machinery.

For the two years ended 31st December, 2002, Dongguan Welltec recorded an audited profit after tax of RMB820,498 (equivalent to approximately HK\$774,055) and RMB9,316,215 (equivalent to approximately HK\$8,788,882) respectively in accordance with the PRC accounting standards. The audited net asset value of Dongguan Welltec as at 31st December, 2002 was RMB84,931,754 (equivalent to approximately HK\$80,124,296).

4. Dongguan Cosmos

Dongguan Cosmos is a joint venture established on 2nd December, 1991 in the PRC and is principally engaged in the manufacturing and trading of machinery. Prior to the implementation of the Dongguan Cosmos Agreement, Dongguan Cosmos is directly owned as to approximately 70.59% and 29.41% by WIEL and Dong Hua respectively. Besides, through their respective interests in Dong Hua, Dongguan Cosmos is approximately 21.16% held by WIEL, approximately 3.66% held by Dongguan Foreign Economic, approximately 3.66% held by Hua Ying Trading, and the remaining approximately 0.93% is held by China Machinery.

For the two years ended 31st December, 2002, Dongguan Cosmos recorded an audited profit after tax of RMB837,644 (equivalent to approximately HK\$790,230) and RMB1,336,441 (equivalent to approximately HK\$1,260,793) respectively in accordance with the PRC accounting standards. The audited net asset value of Dongguan Cosmos as at 31st December, 2002 was RMB42,699,808 (equivalent to approximately HK\$40,282,838).

BASIS OF RESTRUCTURING

The restructuring of the shareholding interests was based on the attributed value of the net assets of the shareholders as at 30th June, 2003 in the three subsidiaries of the Company. The audited net asset value of Dong Hua, Dongguan Welltec and Dongguan Cosmos as at 30th June, 2003 were RMB107,295,408 (equivalent to approximately HK\$101,222,083), RMB85,339,231 (equivalent to approximately HK\$80,508,708) and RMB42,774,759 (equivalent to approximately HK\$40,353,546) respectively in accordance with the PRC accounting standards.

Upon completion of the Agreements, all the three subsidiaries, namely, Dong Hua, Dongguan Welltec and Dongguan Cosmos, will be approximately 75.56% held by WIEL, 10.86% held by Dongguan Foreign Economic, 10.86% held by Hua Ying Trading, and the remaining 2.72% will be held by China Machinery.

CONSIDERATIONS OF RESTRUCTURING

The considerations of the Agreements will be payable in cash on completion which have been arrived at after arm's length negotiations between the parties after taking into account the financial performance of each of Dong Hua, Dongguan Welltec and Dongguan Cosmos.

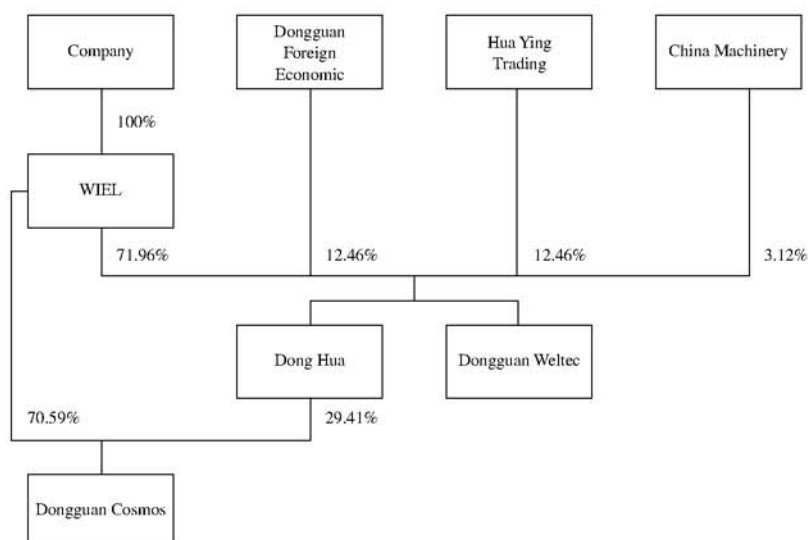
The Directors (including independent non-executive directors) consider that the use of audited net asset value as at 30th June, 2003 of the above three subsidiaries as a basis for determination of consideration is fair and reasonable.

COMPLETION DATE

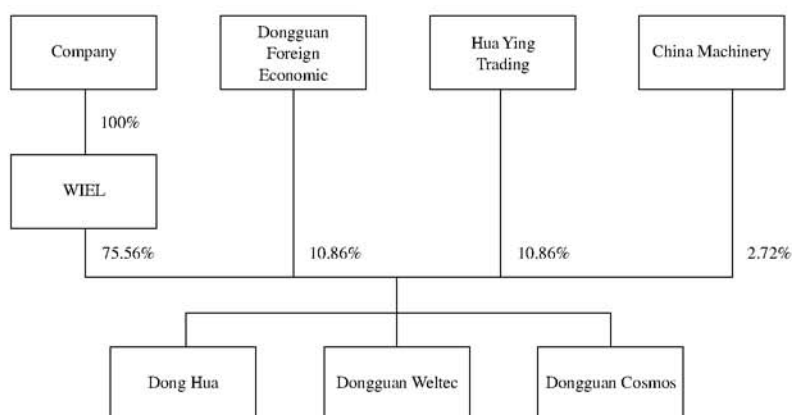
Completion of the Agreements is expected to take place on 16th March, 2004 or such later date as the parties of the respective Agreements may agree.

CHANGES IN SHAREHOLDINGS

The shareholding structure of the three subsidiaries immediately before completion of the Agreements is shown below:



The shareholding structure of the three subsidiaries immediately after completion of the Agreements is shown below:



REASONS FOR AND BENEFITS OF THE RESTRUCTURING

The Group is principally engaged in the business of trading, manufacturing and sale of industrial machinery and industrial related products, manufacture and sale of plastic injection moulding machinery and plastic product, and property development.

Dong Hua, Dongguan Welltec and Dongguan Cosmos are principally engaged in the production of plastic injection moulding machinery, blow moulding machine, rubber injection moulding machine, auxiliary equipment for plastic injection moulding machinery and metal fabricating machinery. Whilst the production process of the subsidiaries are similar, but the operations are independent. Upon completion of the Agreements, the three subsidiaries: Dong Hua, Dongguan Welltec and Dongguan Cosmos will be 75.56% held by WIEL, 10.86% held by Dongguan Foreign Economic, 10.86% held by Hua Ying Trading, and the remaining 2.72% will be held by China Machinery. The Directors plan to restructure the operations of the three subsidiaries to achieve a more efficient production process and internal resources allocation.

The Directors (including independent non-executive directors) consider that the terms of the Agreements are fair and reasonable and are in the interests of the Company and its shareholders taken as a whole.

CONDITIONS OF THE AGREEMENTS AND IMPLEMENTATION

Completion of the Agreements is conditional upon obtaining the approval from the respective board of directors of Dong Hua, Dongguan Welltec and Dongguan Cosmos; the relevant PRC approval authorities and the Company's compliance with the Listing Rules.

The parties to the Agreements are in the process of preparing the relevant documents for the implementation of the restructuring under the Agreements. Approvals from and registration with relevant PRC authorities will be required in relation to the restructuring before it can be effective.

GENERAL

Since (i) Dongguan Foreign Economic and Hua Ying Trading are substantial shareholders of each of Dong Hua and Dongguan Welltec; and (ii) Dong Hua is a substantial shareholder of Dongguan Cosmos, the transactions contemplated under the Agreements constitute connected transactions of the Company under the Listing Rules. As the consideration is less than 3% of the consolidated net tangible assets of the Company as shown in its published unaudited interim accounts as at 30th June, 2003, the Agreements are only required to be disclosed by way of press announcement. Details of the Agreements will also be included in the next published annual report and accounts of the Company.

DEFINITIONS:

“Agreements”	means collectively the Dong Hua Agreement, the Dongguan Welltec Agreement and the Dongguan Cosmos Agreement
“Board”	means board of Directors
“China Machinery”	means 中國輕工業機械總公司 (China National Light Industrial Machinery Corporation*), an enterprise established in the PRC, is (save and except for its holding of 3.12% interests in each of Dong Hua and Dongguan Welltec) independent of and not connected with the Directors, chief executive or substantial shareholders of the Company, its subsidiaries or their respective associates (as defined in the Listing Rules)
“Company”	means Cosmos Machinery Enterprises Limited (大同機械企業有限公司), a company incorporated in Hong Kong with limited liability, whose securities are listed on the Stock Exchange
“Directors”	means directors of the Company (including independent non-executive directors)
“Dong Hua”	means Dong Hua Machinery Ltd. (東華機械有限公司), a joint venture established in the PRC and a non wholly-owned subsidiary of the Company
“Dong Hua Agreement”	means a sale and purchase agreement entered into on 5th December, 2003 between (i) WIEL; (ii) Dongguan Foreign Economic; (iii) Hua Ying Trading; and (iv) China Machinery to restructure the shareholding interests in Dong Hua
“Dongguan Cosmos”	means Dongguan Cosmos Machinery Ltd. (東莞大同機械有限公司), a joint venture established in the PRC and a non wholly-owned subsidiary of the Company
“Dongguan Cosmos Agreement”	means a sale and purchase agreement entered into on 5th December, 2003 between (i) WIEL; (ii) Dongguan Foreign Economic; (iii) Hua Ying Trading; (iv) China Machinery; and (v) Dong Hua to restructure the shareholding interests in Dongguan Cosmos

“Dongguan Foreign Economic”	means 東莞市外經實業有限公司 (Dongguan City Foreign Economic Industrial Company Limited*), an enterprise established in the PRC
“Dongguan Welltec”	means Dongguan Welltec Machinery Ltd. (東莞華大機械有限公司), a joint venture established in the PRC and a non wholly-owned subsidiary of the Company
“Dongguan Welltec Agreement”	means a sale and purchase agreement entered into on 5th December, 2003 between (i) WIEL; (ii) Dongguan Foreign Economic; (iii) Hua Ying Trading; and (iv) China Machinery to restructure the shareholding interests in Dongguan Welltec
“Group”	means the Company and its subsidiaries
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong
“Hua Ying Trading”	means 東莞市華盈貿易有限公司 (Dongguan City Hua Ying Trading Company Limited*), an enterprise established in the PRC
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“Minority Shareholders”	means collectively Dongguan Foreign Economic, Hua Ying Trading and China Machinery
“PRC”	means the People’s Republic of China
“RMB”	means Renminbi, the lawful currency of the PRC
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“WIEL”	means Welltec Industrial Equipment Limited (華大機械設備有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company

By order of the Board
Cosmos Machinery Enterprises Limited
TANG To
Chairman
Hong Kong, 5th December, 2003

* *The English name is only a translation of its official Chinese name.*

(For the purpose of this announcement, translation of RMB into HK\$ is based on the approximate exchange rate HK\$1.00: RMB1.06)

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

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COSMOS MACHINERY ENTERPRISES LIMITED

大同機械企業有限公司

(於香港註冊成立之有限公司)

**關連交易
重組於附屬公司之權益**

董事會宣布，(i)華大；(ii)東莞外經；(iii)華盈貿易；及(iv)中國機械於二零零三年十二月五日簽訂東華協議及東莞華大協議。於同日，(i)華大；(ii)東莞外經；(iii)華盈貿易；(iv)中國機械；及(v)東華簽訂東莞大同協議。簽訂該等協議之目的為重組本集團於本公司三家附屬公司，東華、東莞華大及東莞大同之股份權益。

該三家附屬公司主要從事生產注塑機械、中空機、橡塑機、注塑機械之附屬設備及五金沖壓機械。於該等協議完成時，三家附屬公司將擁有相同股權架構。基於該三家附屬公司之業務性質相若，預期重組後將可令本集團在生產程序及內部資源統籌配置上，達至更高效率，以利於提升現有業務的競爭能力及新產品的拓展。

由於(i)東莞外經及華盈貿易為東華及東莞華大之主要股東；及(ii)東華為東莞大同之主要股東。根據上市規則，該等協議所預期進行之交易構成本公司之關連交易。由於作價合共少於本公司已刊發於二零零三年六月三十日的未經審核中期業績所載之綜合淨資產的3%，因此該等協議僅須以報章公布形式披露。同時，該等協議的簡要資料將加入本公司下一次刊發的週年報告及帳目內。

該等協議

東華協議

根據東華協議：

- (i) 東莞外經同意將持有東華的1.6%股權（佔東華註冊資本總額652,800元人民幣（相等於約615,849港元））轉讓給華大，作價1,716,726元人民幣（相等於約1,619,553港元）；
- (ii) 華盈貿易同意將持有東華的1.6%股權（佔東華註冊資本總額652,800元人民幣（相等於約615,849港元））轉讓給華大，作價1,716,726元人民幣（相等於約1,619,553港元）；及

(iii) 中國機械同意將持有東華的0.4%股權（佔東華註冊資本總額163,200元人民幣（相等於約153,962港元））轉讓給華大，作價429,182元人民幣（相等於約404,889港元）。

於東華協議完成後，少數股東合共於東華所佔股權百分比將由約為28.04%減至約為24.44%，而華大於東華所佔股權百分比將由約為71.96%增加至約為75.56%。

東莞華大協議

根據東莞華大協議：

- (i) 東莞外經同意將持有東莞華大的1.6%股權（佔東莞華大註冊資本總額894,720港元）轉讓給華大，作價1,365,428元人民幣（相等於約1,288,140港元）；
- (ii) 華盈貿易同意將持有東莞華大的1.6%股權（佔東莞華大註冊資本894,720港元）轉讓給華大，作價1,365,428元人民幣（相等於約1,288,140港元）；及
- (iii) 中國機械同意將持有東莞華大的0.4%股權（佔東莞華大註冊資本223,680港元）轉讓給華大，作價341,357元人民幣（相等於約322,035港元）。

於東莞華大協議完成後，少數股東合共於東莞華大所佔股權百分比將由約為28.04%減至約為24.44%，而華大於東莞華大所佔股權百分比將由約為71.96%增加至約為75.56%。

東莞大同協議

根據東莞大同協議，東華同意將持有東莞大同的：

- (i) 4.97%股權（佔東莞大同註冊資本總額1,491,000港元）轉讓給華大，作價2,125,906元人民幣（相等於約2,005,572港元）；
- (ii) 10.86%股權（佔東莞大同註冊資本總額3,258,000元港幣）轉讓給東莞外經，作價4,645,339元人民幣（相等於約4,382,395港元）；
- (iii) 10.86%股權（佔東莞大同註冊資本總額3,258,000港元）轉讓給華盈貿易，作價4,645,339元人民幣（相等於約4,382,395港元）；及
- (iv) 2.72%股權（佔東莞大同註冊資本總額816,000港元）轉讓給中國機械，作價1,163,473元人民幣（相等於約1,097,615港元）。

於東莞大同協議完成後，華大於東莞大同所佔股權百分比將由約為91.75%（其中約為21.16%為透過其於東華之股權持有）減至約為75.56%（以直接權益持有），而少數股東合共於東莞大同所佔股權百分比將由約為8.25%（透過彼等分別於東華之股權持有）增加至約為24.44%（以直接權益持有），有關股份變動載於下文之圖表內。

以下為該等協議其中涉及之本集團附屬公司的簡要資料：

1. 華大

華大由本公司全資擁有，於一九八二年十一月十六日在香港註冊成立。華大及其附屬公司主要從事注塑機械及塑膠產品之製造及銷售。華大為涉及重組股權之三家附屬公司之控股公司。

2. 東華

東華為於一九八六年八月十二日在中國成立之合資經營企業，主要從事注塑機械之製造及銷售。於東華協議實行前，華大、東莞外經、華盈貿易及中國機械分別持有東華約為71.96%、12.46%、12.46%及餘下3.12%股權。

截至二零零二年十二月三十一日止兩年度，按照中國會計標準，東華之經審核除稅後溢利分別為人民幣5,313,065元（相等於約5,012,325港元）及人民幣20,827,951（相等於約19,649,010港元）。東華於二零零二年十二月三十一日之經審核資產淨值為人民幣127,281,610元（相等於約120,076,991港元）。

3. 東莞華大

東莞華大為於一九九三年三月三十日在中國成立之合資經營企業，主要從事注塑機械之製造及貿易。於東莞華大協議實行前，華大、東莞外經、華盈貿易及中國機械分別持有東莞華大約為71.96%、12.46%、12.46%及餘下3.12%股權。

截至二零零二年十二月三十一日止兩年度，按照中國會計標準，東莞華大之經審核除稅後溢利分別為人民幣820,498元（相等於約774,055港元）及人民幣9,316,215元（相等於約8,788,882港元）。東莞華大於二零零二年十二月三十一日之經審核資產淨值為人民幣84,931,754元（相等於約80,124,296港元）。

4. 東莞大同

東莞大同為於一九九一年十二月二日在中國成立之合資經營企業，主要從事機械之製造及貿易。於東莞大同協議實行前，東莞大同分別由華大及東華直接擁有70.59%及29.41%。另外，華大、東莞外經、華盈貿易及中國機械透過彼等於東華之權益分別持有東莞大同約為21.16%、3.66%、3.66%及餘下0.93%股權。

截至二零零二年十二月三十一日止兩年度，按照中國會計標準，東莞大同之經審核除稅後溢利分別為人民幣837,644元（相等於約790,230港元）及人民幣1,336,441元（相等於約1,260,793港元）。東莞大同二零零二年十二月三十一日之經審核資產淨值為人民幣42,699,808元（相等於約40,282,838港元）。

重組基準

重組股份權益乃根據各股東於本公司三家附屬公司二零零三年六月三十日之應佔資產淨值計算。於二零零三年六月三十日，按照中國會計標準，東華、東莞華大及東莞大同之資產淨值分別為人民幣107,295,408元（相等於約101,222,083港元）、人民幣85,339,231元（相等於約80,508,708港元）及人民幣42,774,759元（相等於約40,353,546港元）。

於該等協議完成時，華大、東莞外經、華盈貿易及中國機械將分別持有上述三家附屬公司，東華、東莞華大及東莞大同約為75.56%、10.86%、10.86%及餘下的2.72%。

重組作價

該等協議之作價乃由立約各方按公平原則磋商，並考慮東華、東莞華大及東莞大同各公司之財務狀況後釐定。該等作價將以現金支付。

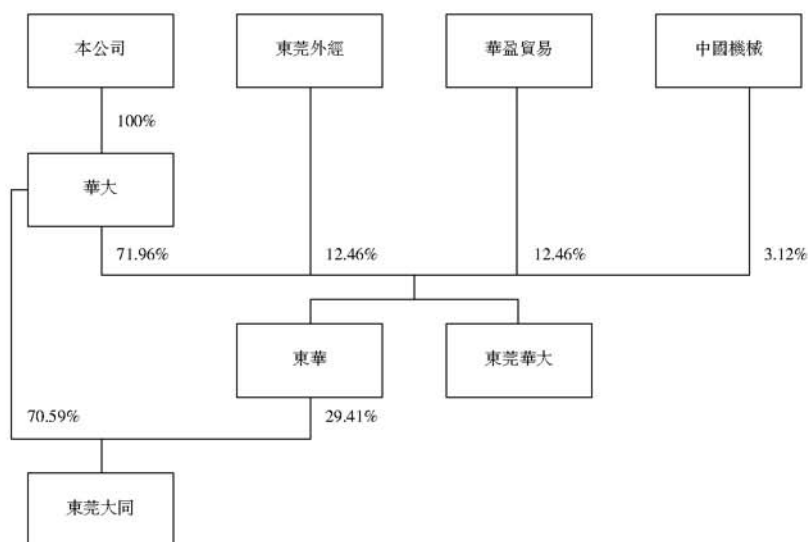
董事會（包括獨立非執行董事）認為以上述三家附屬公司於二零零三年六月三十日的資產淨值作為決定作價之基準誠屬公平合理。

完成日期

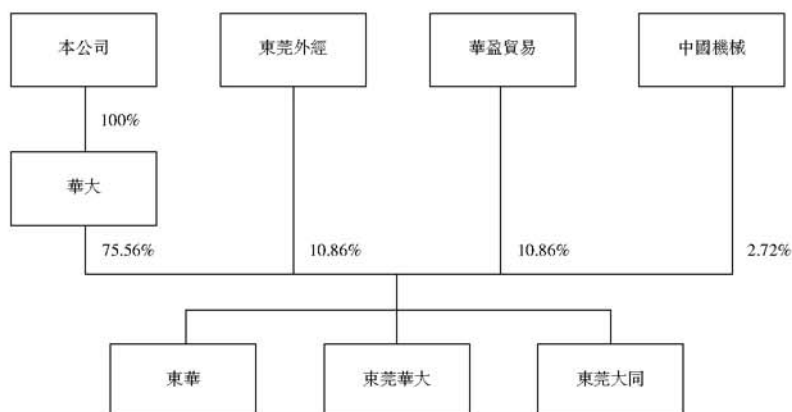
預期該等協議將於二零零四年三月十六日或經該等協議各方同意之較後日期完成。

持股量變動

於該等協議完成前，該三家附屬公司之股權架構如下：



於該等協議完成後，三家附屬公司之股權架構如下：



重組之原因及得益

本集團主要從事工業機械及工業相關產品之貿易、製造及銷售，注塑機械及塑料產品之製造及銷售以及物業發展。

東華、東莞華大及東莞大同主要從事生產注塑機械、中空機、橡塑機、注塑機械之附屬設備及五金沖壓機械。儘管該等附屬公司之生產工序相若，惟各公司均獨立經營業務。該等協議完成時，華大、東莞外經、華盈貿易及中國機械將分別持有東華、東莞華大及東莞大同三家附屬公司約為75.56%、10.86%、10.86%及餘下2.72%。董事計劃藉著重組該三家附屬公司之業務，可在生產程序及內部資源分配上，達至更高效率。

董事會（包括獨立非執行董事）認為該等協議之條款誠屬公平合理，符合本公司及其股東之整體利益。

該等協議之條款及執行

該等協議僅在取得東華、東莞華大及東莞大同各董事會及有關中國認可部門之批准及本公司遵照上市規則後，方為生效。

該等協議所涉各方現正準備實行該等協議所述重組之有關文件。各方須於重組得以生效前，向有關中國部門取得批文及進行註冊。

一般事項

由於(i)東莞外經及華盈貿易為東華及東莞華大之主要股東；及(ii)東華為東莞大同之主要股東。根據上市規則，該等協議所預期進行之交易構成本公司之關連交易。由於作價少於本公司已刊發於二零零三年六月三十日的未經審核中期業績所載之綜合淨資產的3%，因此該等協議僅須以報章公布形式披露。同時，該等協議的簡要資料將加入本公司下一次刊發的週年報告及帳目內。

釋義

「該等協議」	指	東華協議、東莞華大協議及東莞大同協議之統稱
「董事會」	指	董事會
「中國機械」	指	中國輕工業機械總公司，在中國成立的企業，（於東華及東莞華大所持有3.12%權益除外）為獨立及並非本公司、其附屬公司之董事、行政總裁或主要股東或彼等之聯繫人（按上市規則之涵義）
「本公司」	指	大同機械企業有限公司，在香港註冊成立之有限公司，其證券在聯交所上市
「董事」	指	本公司董事（包括獨立非執行董事）
「東華」	指	東華機械有限公司，在中國成立的合資經營企業，並為本公司非全資附屬公司
「東華協議」	指	(i)華大；(ii)東莞外經；(iii)華盈貿易；及(iv)中國機械於二零零三年十二月五日就重組於東華之股權簽訂之轉讓協議
「東莞大同」	指	東莞大同機械有限公司，在中國成立的合資經營企業，並為本公司非全資附屬公司
「東莞大同協議」	指	(i)華大；(ii)東莞外經；(iii)華盈貿易；(iv)中國機械；及(v)東華於二零零三年十二月五日就重組於東莞大同之股權簽訂之轉讓協議
「東莞外經」	指	東莞市外經實業有限公司，在中國成立的企業
「東莞華大」	指	東莞華大機械有限公司，在中國成立的合資經營企業，並為本公司非全資附屬公司
「東莞華大協議」	指	(i)華大；(ii)東莞外經；(iii)華盈貿易；及(iv)中國機械於二零零三年十二月五日就重組於東莞華大之股權簽訂之轉讓協議
「本集團」	指	本公司及其附屬公司
「港元」	指	港元，香港之法定貨幣
「華盈貿易」	指	東莞市華盈貿易有限公司，在中國成立的企業

「上市規則」	指	聯交所證券上市規則
「少數股東」	指	東莞外經，華盈貿易及中國機械之統稱
「中國」	指	中華人民共和國
「人民幣」	指	人民幣，中國之法定貨幣
「聯交所」	指	香港聯合交易所有限公司
「華大」	指	華大機械設備有限公司，在香港註冊成立之有限公司，並為本公司全資附屬公司

承董事會命
大同機械企業有限公司
主席
鄧燾

香港，二零零三年十二月五日

(就本公布而言，人民幣兌港元折算乃按照1.00港元兌人民幣1.06元之概約匯率計算。)

「請同時參閱本公布於經濟日報刊登的內容。」