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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)*

**(Stock Code: 118)**

### **CONNECTED TRANSACTIONS**

The Board announces that on 29 December 2004, (i) the Sunford Agreement was entered into between JEI and Mr. So; and (ii) the Karmay Agreement was entered into between WML and Mr. So. The purpose of entering into the Agreements is to achieve a more effective financial planning and resources allocation of the Group.

As Mr. So is a director of Karmay and WML both of which are subsidiaries of the Company, the entering into the Sunford Agreement between Mr. So and JEI and the Karmay Agreement between Mr. So and WML constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As each of the applicable percentage ratios of the Company in respect of the Agreements under Rule 14.07 of the Listing Rules is less than 2.5%, no independent shareholders' approval is required for the connected transactions pursuant to Rule 14A.32(1) of the Listing Rules and only certain specified details of the Agreements are required to be included in this announcement. Details of the Agreements will also be included in the Company's next annual report and accounts in accordance with Rule 14A.45 of the Listing Rules.

#### **1. THE AGREEMENTS**

##### **Date of the Sunford Agreement**

29 December 2004

##### **Parties**

(1) JEI as purchaser

(2) Mr. So as vendor

##### **Particulars of the Sunford Agreement**

Pursuant to the Sunford Agreement, Mr. So agreed to dispose of 40 shares representing his entire 4% interest of the total issued share capital in Sunford to JEI at the consideration of HKD3,365,987. After completion of the Sunford Agreement, Sunford will become a wholly-owned subsidiary of JEI.

##### **Date of the Karmay Agreement**

29 December 2004

##### **Parties**

(1) WML as purchaser

(2) Mr. So as vendor

### **Particulars of the Karmay Agreement**

Pursuant to the Karmay Agreement, Mr. So agreed to dispose of 333,333 shares representing his entire 2.23% interest of the total issued share capital in Karmay to WML at the consideration of HKD164,066. After completion of the Karmay Agreement, Karmay will be 100% owned by WML.

## **2. DETAILS OF THE SUBSIDIARIES**

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

### **a. JEI**

JEI is wholly-owned by the Company and was incorporated in the British Virgin Islands. JEI is principally engaged in investment holding. JEI is the immediate holding company of Sunford.

### **b. Sunford**

Sunford was incorporated in the British Virgin Islands and is principally engaged in investment holding. The principal activities of Sunford's subsidiaries are plastic processing. JEI acquired its 88% interests in Sunford from a third party who was not a connected person (as defined in the Listing Rules) of the Company and was independent of and not connected with the Company and its connected persons (as defined in the Listing Rules) in July 2003. Save and except that JEI acquired 4% interests in Sunford from each of the two remaining shareholders of Sunford on 28 December 2004, JEI has not acquired any interests in Sunford within the preceding twelve months. These two remaining shareholders of Sunford were not connected persons (as defined in the Listing Rules) of the Company and were independent of and not connected with the Company and its connected persons (as defined in the Listing Rules). Prior to the completion of the Sunford Agreement, Sunford is owned as to 96% by JEI and as to 4% by Mr. So. Mr. So acquired his 4% interest in Sunford in September 2000 at the acquisition cost of USD40 (equivalent to approximately HKD311.20).

For the year ended 31 December 2002, Sunford's audited consolidated profit before and after tax were both HKD2,688,266.

For the year ended 31 December 2003, Sunford's audited consolidated profit before and after tax were both HKD1,048,307.

### **c. WML**

WML is wholly-owned by the Company and was incorporated in Hong Kong as a limited company. WML and its subsidiaries are principally engaged in the manufacture and sale of plastic injection moulding machinery and plastic products. WML is the immediate holding company of Karmay.

### **d. Karmay**

Karmay was incorporated in Hong Kong as a limited company and, together with its subsidiaries, are principally engaged in manufacturing and sales of plastic utensils for food industry in the PRC. WML increased its shareholding in Karmay from 92.95% to 97.77% by acquiring 4.82% interests in Karmay from a connected person in November 2002. Since the acquisition of 4.82% by WML from the connected person fell within the de minimis exception under the then Listing Rules, no disclosure was required under the then Listing Rule.

Prior to the completion of the Karmay Agreement, Karmay is owned as to 97.77% by WML and as to 2.23% by Mr. So. Mr. So acquired his 2.23% interests in Karmay in October 1996 at the acquisition cost of HKD333,333.

For the year ended 31 December 2002, Karmay's audited consolidated profit before and after tax were both HKD1,408,778.

For the year ended 31 December 2003, Karmay recorded an audited consolidated profit before tax and profit after tax of HKD300,901 and HKD40,724 respectively.

### 3. BASIS AND PAYMENT TERM OF THE CONSIDERATION

The aggregate consideration pursuant to the Agreements were HKD3,530,053. The consideration for transfer of the shareholding interests under the Sunford Agreement and the Karmay Agreement was determined on an arm's length basis between the respective relevant parties by reference to 30% discount on the consolidated net assets attributed to the shareholders as at 30 September 2004 in Sunford and Karmay respectively. The consolidated net asset value of Sunford and Karmay as shown in their respective unaudited management accounts as at 30 September 2004 were HKD120,213,819 and HKD10,510,323 respectively.

Upon completion of the Agreements, Sunford and Karmay will become a wholly-owned subsidiary of JEI and WML respectively.

The consideration of the Agreements will be payable in cash on completion which have been arrived at after arm's length negotiations between the parties and are on normal commercial terms.

The Directors (including independent non-executive Directors) consider that the use of the 30% discounted consolidated net asset value as at 30 September 2004 of Sunford and Karmay as a basis for determination of consideration is fair and reasonable.

### 4. COMPLETION DATE

Completion of the Agreements is expected to take place on 31 December 2004 or such later date as the parties of the respective Agreements may agree.

### 5. REASONS FOR AND BENEFITS EXPECTING FROM THE AGREEMENTS

The Group is principally engaged in trading of industrial tools, manufacturing of machinery and plastic processing products.

Sunford is principally engaged in plastic processing whereas Karmay is principally engaged in manufacturing and sales of plastic utensils for food industry in the PRC. Upon completion of the Agreements, both Sunford and Karmay will become wholly-owned subsidiaries of the Company. The Directors intend to acquire the shareholding interests in Sunford and Karmay to achieve a more efficient financial planning and resources allocation of the Group.

The Directors (including independent non-executive Directors) consider that the terms of the Agreements are on normal commercial terms, fair and reasonable, and are in the interests of the Company and its shareholders taken as a whole. JEI and WML will finance their respective payment of consideration from their internal resources.

### 6. GENERAL

As Mr. So is a director of Karmay and WML both of which are subsidiaries of the Company, the entering into the Sunford Agreement between Mr. So and JEI and the Karmay Agreement between Mr. So and WML constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As each of the applicable percentage ratios of the Company in respect of the Agreements under Rule 14.07 of the Listing Rules is less than 2.5%, no independent shareholders' approval is required for the connected transactions pursuant to Rule 14A.32(1) of the Listing Rules and only certain specified details of the Agreements are required to be included in this announcement. Details of the Agreements will also be included in the Company's next annual report and accounts in accordance with Rule 14A.45 of the Listing Rules.

#### DEFINITIONS:

"Agreements"	collectively the Sunford Agreement and the Karmay Agreement
"Board"	board of Directors
"Company"	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 of Hong Kong Limited

“Directors”	directors of the Company (including independent non-executive directors)
“Group”	the Company and its subsidiaries
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“JEI”	Jackson Equities Incorporated, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Karmay”	Karmay Industrial Limited, a company incorporated in Hong Kong with limited liability and a non-wholly owned subsidiary of the Company
“Karmay Agreement”	the share transfer agreement dated 29 December 2004 and entered into between WML and Mr. So in respect of the acquisition of 333,333 shares in the issued share capital of Karmay by WML from Mr. So
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. So”	Mr. SO Kar Lun, a shareholder of Sunford, a shareholder and director of Karmay and various other subsidiaries of the Company in Hong Kong and the PRC
“PRC”	the People’s Republic of China
“Sunford”	Sunford Enterprises Limited, a company incorporated in the British Virgin Islands and a non-wholly owned subsidiary of the Company
“Sunford Agreement”	the share transfer agreement dated 29 December 2004 and entered into between JEI and Mr. So in respect of the acquisition of 40 shares in the issued share capital of Sunford by JEI from Mr. So
“USD”	The United States dollars, the lawful currency of the United States of America
“WML”	Welltec Machinery Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company

The translation of United States dollars into Hong Kong dollars is based on the approximate exchange rate of USD1.00 : HKD7.78.

By order of the Board  
**Cosmos Machinery Enterprises Limited**  
**Tang To**  
*Chairman*

Hong Kong, 30 December 2004

*As at the date hereof, the board of directors of the Company is comprised of eleven directors, of which five are executive directors, namely Mr. Tang To, Mr. Zhao Zhuoying, Mr. Wong Yiu Ming, Mr. Yan Wing Fai Richard and Mr. Li Tin Loi, and three are non-executive directors, namely Mr. Tang Kwan, Mr. He Zhiqi and Mr. Kan Wai Wah and three are independent non-executive directors, namely Mr. Liang Shangli, Mr. Yip Jeffery and Ms. Yeung Shuk Fan.*

“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)

(股份代號：118)

## 關連交易

董事會宣布，於二零零四年十二月二十九日，(i) JEI與蘇先生簽訂Sunford協議；及(ii)華大與蘇先生簽訂嘉美協議。簽訂該等協議之目的為更有效地籌組本集團之財政計劃及資源分配。

由於蘇先生為本公司兩家附屬公司嘉美及華大之董事，根據上市規則第十四A章，蘇先生與JEI簽訂Sunford協議及蘇先生與華大簽訂嘉美協議構成本公司之關連交易。由於根據上市規則第14.07條，各項本公司（就該等協議）適用之百分比率均少於2.5%，根據上市規則第14A.32(1)條，為無須由獨立股東批准的關連交易，只須於本公告加入該等協議的特定資料。同時，根據上市規則第14A.45條，於本公司下一次週年報告及帳目內加入該等協議的詳細資料。

### 1. 該等協議

Sunford協議日期

二零零四年十二月二十九日

立約方

(1) JEI為買方

(2) 蘇先生為賣方

### **Sunford協議之詳情**

根據Sunford協議，蘇先生同意將全部其所持有40股股份，佔Sunford已發行股本總額的4%權益轉讓給JEI，作價3,365,987港元。於Sunford協議完成後，Sunford將成為JEI之全資附屬公司。

### **嘉美協議日期**

二零零四年十二月二十九日

### **立約方**

- (1) 華大為買方
- (2) 蘇先生為賣方

### **嘉美協議之詳情**

根據嘉美協議，蘇先生同意將全部其所持有333,333股股份，佔嘉美已發行股本總額的2.23%權益轉讓給華大，作價164,066港元。於嘉美協議完成後，華大將擁有嘉美100%股權。

## **2. 各附屬公司之詳情**

以下為該等協議其中涉及之本集團附屬公司的資料：

### **a. JEI**

JEI由本公司全資擁有，並於英屬處女群島註冊成立。JEI之主要業務為投資控股，並為Sunford之直接控股公司。

### **b. Sunford**

Sunford於英屬處女群島註冊成立，主要業務為投資控股，其附屬公司之主要業務為注塑加工。於二零零三年七月，JEI從一位非本公司關連人士（按上市規則之定義），並獨立於及與本公司及其關連人士（按上市規則之定義）非關連之第三方收購其於Sunford88%權益。除於二零零四年十二月二十八日向Sunford餘下兩位股東分別收購4%外，於過往十二個月內，JEI概無收購任何Sunford權益，該餘下兩位Sunford股東為非本公司關連人士（按上市規則之定義），並獨立於及與本公司及其關連人士（按上市規則之定義）非關連之人士。於Sunford協議完成前，Sunford由JEI及

蘇先生擁有96%及4%股權。於二零零零年九月，蘇先生收購其於Sunford 4%權益之成本為40美元（折合約311.20港元）。

截至二零零二年十二月三十一日止年度，Sunford之經審核綜合除稅前及除稅後溢利均為2,688,266港元。

截至二零零三年十二月三十一日止年度，Sunford之經審核綜合除稅前及除稅後溢利均為1,048,307港元。

c. **華大**

華大由本公司全資擁有，並於香港註冊成立為有限公司。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。華大為嘉美之直接控股公司。

d. **嘉美**

嘉美為於香港註冊成立之有限公司，主要業務為聯同其附屬公司於中國境內製造及銷售食品行業採用之塑膠容器。於二零零二年十一月，華大向一位關連人士收購嘉美4.82%權益，使其於嘉美之持股量由92.95%增加至97.77%。由於華大向該關連人士收購嘉美4.82%權益符合上市規則之最低豁免水平，無須遵守上市規則之披露規定。

於嘉美協議完成前，嘉美由華大及蘇先生擁有97.77%及2.23%。於一九九六年十月，蘇先生收購其於嘉美2.23%權益之成本為333,333港元。

截至二零零二年十二月三十一日止年度，嘉美之經審核綜合除稅前及除稅後溢利均為1,408,778港元。

截至二零零三年十二月三十一日止年度，嘉美錄得之經審核綜合除稅前溢利及除稅後溢利分別為300,901港元及40,724港元。

### 3. 代價的基準及支付條款

該等協議之總代價為3,530,053港元。於Sunford協議及嘉美協議項下轉讓股份權益之代價，乃由各有關立約方按公平原則，並參考各股東分別於Sunford及嘉美於二零零四年九月三十日之應佔綜合資產淨值折讓30%而釐定。截至二零零四年九月三十日，於Sunford及嘉美之未經審核管理帳目所載，Sunford及嘉美之綜合資產淨值分別為120,213,819港元及10,510,323港元。

於該等協議完成時，Sunford及嘉美將成為JEI及華大之全資附屬公司。

該等協議之作價乃由立約各方按公平原則及一般商業條款磋商後達成。該等作價於協議完成時，將以現金支付。

董事會（包括獨立非執行董事）認為以Sunford及嘉美於二零零四年九月三十日的綜合資產淨值折讓三成作為釐定該等作價之基準誠屬公平合理。

### 4. 完成日期

預期該等協議將於二零零四年十二月三十一日或經該等協議各方同意之較後日期完成。

### 5. 該等協議之原因及預期得益

本集團主要從事工業器材貿易業務、機械及注塑製造業務。

Sunford主要業務為注塑加工，而嘉美主要業務於中國製造及銷售食品行業採用之塑膠容器。於該等協議完成時，Sunford及嘉美均成為本公司全資附屬公司。董事預期藉著收購Sunford及嘉美之股權權益可更有效地籌組本集團之財政計劃及資源分配。

董事會（包括獨立非執行董事）均認為該等協議之條款乃按一般商業條款釐定，誠屬公平合理，並對本公司及其股東有利，JEI及華大將以彼等之內部資源繳付作價。

### 6. 一般事項

由於蘇先生為本公司兩家附屬公司嘉美及華大之董事，根據上市規則第十四A章，蘇先生與JEI簽訂



Sunford協議及蘇先生與華大簽訂嘉美協議構成本公司之關連交易。由於根據上市規則第14.07條，各項本公司（就該等協議）適用之百分比率均少於2.5%，根據上市規則第14A.32(1)條，為無須由獨立股東批准的關連交易，只須於本公告加入該等協議的特定資料。同時，根據上市規則第14A.45條，於本公司下一次週年報告及帳目內加入該等協議的詳細資料。

## 釋義

「該等協議」	指	Sunford協議及嘉美協議之統稱
「董事會」	指	董事會
「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，其證券在香港聯合交易所有限公司上市
「董事」	指	本公司董事（包括各獨立非執行董事）
「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
「香港」	指	中國香港特別行政區
「JEI」	指	Jackson Equities Incorporated，於英屬處女群島註冊成立之公司，並為本公司全資附屬公司
「嘉美」	指	嘉美實業有限公司，在香港註冊成立之有限公司，並為本公司非全資附屬公司
「嘉美協議」	指	華大與蘇先生於二零零四年十二月二十九日就華大向蘇先生收購嘉美已發行股本之333,333股股份所簽訂之股份轉讓協議
「上市規則」	指	香港聯合交易所有限公司證券上市規則
「蘇先生」	指	蘇家麟先生，為Sunford之股東、嘉美及其他若干本公司於香港及中國之附屬公司股東及董事

「中國」	指	中華人民共和國
「Sunford」	指	Sunford Enterprises Limited，於英屬處女群島註冊成立之公司，並為本公司非全資附屬公司
「Sunford協議」	指	JEI與蘇先生於二零零四年十二月二十九日就JEI向蘇先生收購Sunford已發行股本之40股股份簽訂之股份轉讓協議
「美元」	指	美元，美國所採用之法定貨幣
「華大」	指	華大機械有限公司，在香港註冊成立之有限公司，並為本公司全資附屬公司

美元乃按 1.00 美元兌 7.78 港元之概約匯率換算成港元

承董事會命  
大同機械企業有限公司  
主席  
鄧燾

香港，二零零四年十二月三十日

於本公告發表日期，本公司董事會由十一位董事組成；其中鄧燾先生、趙卓英先生、黃耀明先生、甄榮輝先生及李天來先生五位為執行董事；鄧焜先生、何志奇先生、簡衛華先生三位為非執行董事；而梁尚立先生、葉慶輝先生及楊淑芬女士三位則為獨立非執行董事。

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