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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)

ANNOUNCEMENT

Update on A Share Issue by the Associate

Financial adviser



REXCAPITAL (HONG KONG) LIMITED

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

Further to the announcement by the Company dated 7th June, 2007, the Company has received a notice from the Associate dated 9th July, 2007 which stated that the Associate will release a public announcement in newspaper in Shenzhen on its decision to proceed with the initial public offering of its shares in the securities market of PRC and that it has been under close supervision and guidance for application in the A Share Issue on Shenzhen Stock Exchange by the China Merchants Securities Co., Ltd.. Where the Associate proceeds to make the formal application to the CSRC, the Associate will update its shareholders of such important development accordingly.

Shareholders of the Company should note that the proposed A Share Issue may or may not proceed. In the event that the Company is updated of the important development of the Associate in respect of its submission of the formal application to the CSRC, the Company will comply with the relevant disclosure and shareholders' approval requirements of the Listing Rules, if any, as and when appropriate. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made 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 directors of Cosmos Machinery Enterprises Limited (the "Company") (the "Directors") has received a notice from its associate, Shenzhen Haoningda Meters Co., Ltd. (the "Associate") dated 9th July, 2007 which stated that the Associate will release a public announcement in newspaper in Shenzhen on its decision to proceed with the initial public offering of its shares in securities market of PRC and that it has been under close supervision and guidance for application in the A Share Issue on Shenzhen Stock Exchange by the China Merchants Securities Co., Ltd. (the "Public Announcement").

Pursuant to the requirement of China Securities Regulatory Commission (“CSRC”), the Associate issues the Public Announcement for acceptance of address of all concerns from the public for the purpose of increasing the transparency of the public offering of shares, reducing the risk of that in the securities market so as to protect the interest of the investors. Where the Associate proceeds to make the formal application to the CSRC, the Associate will update its shareholders of such important development accordingly.

Shareholders of the Company should note that the proposed A Share Issue may or may not proceed. In the event that the Company is updated of the important development of the Associate in respect of its submission of the formal application to the CSRC, the Company will comply with the relevant disclosure and shareholders’ approval requirements of the Listing Rules, if any, as and when appropriate. 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 of
Cosmos Machinery Enterprises Limited
TANG To
Chairman

Hong Kong, 9th July, 2007

As at the date hereof, the Board of the Company comprises of twelve directors, of which five are executive directors, namely Mr. Tang To, Mr. Jiang Wei, Mr. Wong Yiu Ming, Mr. Yan Wing Fai Richard and Mr. Li Tin Loi, and four are non-executive directors, namely Mr. Tang Kwan, Mr. Wu Ding, Mr. Kan Wai Wah and Mr. Qu Jinping and three are independent non-executive directors, namely Mr. Yip Jeffery, Miss Yeung Shuk Fan and Mr. Cheng Tak Yin.