

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in COSMOS MACHINERY ENTERPRISES LIMITED (the "Company"), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected, for transmission to the purchaser or the transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



**COSMOS MACHINERY ENTERPRISES LIMITED**

**大同機械企業有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 118)**

**PROPOSALS INVOLVING  
GENERAL MANDATES TO REPURCHASE SHARES  
AND TO ISSUE SHARES  
ADOPTION OF A SHARE OPTION SCHEME  
AND  
RE-ELECTION OF DIRECTORS**

A notice convening the annual general meeting of the Company to be held at Tang I, 3rd Floor, Sheraton Hong Kong Hotel & Towers, 20 Nathan Road, Kowloon, Hong Kong on Monday, 30th May, 2005 at 9:30 a.m. is set out in pages 27 to 31 of this circular. Whether or not you propose to attend the meeting, you are requested to complete the form of proxy enclosed with this circular in accordance with the instructions printed thereon and return the same to the registered office of the Company at 8th Floor, Tai Tung Industrial Building, 29-33 Tsing Yi Road, Tsing Yi Island, New Territories, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjourned meeting should you so desire.

29th April, 2005

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## DEFINITIONS

*In this circular, the following expressions shall have the following meanings unless the context requires otherwise:*

“Adoption Date”	the date on which the Share Option Scheme is approved and adopted by resolution of the Shareholders
“AGM”	the annual general meeting of the Company to be held at Tang I, 3rd Floor, Sheraton Hong Kong Hotel & Towers, 20 Nathan Road, Kowloon, Hong Kong on Monday, 30th May 2005 at 9:30 a.m.
“AGM Notice”	The notice dated 29th April, 2005 convening the AGM as set out in pages 27 to 31 of this circular
“associates”	as such term is defined under the Listing Rules
“associated company”	as such term is defined under financial reporting standards approved by the Hong Kong Institute of Certified Public Accountants
“Auditors”	the auditors for the time being of the Company
“Board”	the board of directors of the Company or a duly authorised committee thereof for the time being
“Business Day”	a day (other than a Saturday or a Sunday) on which licensed banks are generally open for business in Hong Kong and the Stock Exchange is open for business of dealing in securities
“chief executive(s)”	as such term is defined under the Listing Rules
“Company”	Cosmos Machinery Enterprises Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“connected person(s)”	as such term is defined under the Listing Rules
“controlling shareholder(s)”	as such term is defined under the Listing Rules
“day”	calendar day

## DEFINITIONS

“Directors”	the directors of the Company for the time being
“Grantee”	any Participant who accepts an Offer in accordance with the terms of the Share Option Scheme
“Group”	the Company and its subsidiaries and associated companies from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of The People’s Republic of China
“Issue Mandate”	a general mandate to the Directors to exercise the power of the Company to allot, issue and deal with Shares during the period as set out in Ordinary Resolution no. 6 up to 20% of the issued share capital of the Company as at the date of passing such resolution
“Latest Practicable Date”	26th April 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“month”	calendar month
“Offer”	the offer of the grant of an Option made by the Board in accordance with the Share Option Scheme
“Offer Date”	in respect of an Offer, the date on which the Offer is made to the Grantee, which must be a Business Day
“Option(s)”	a right(s) to subscribe for Shares pursuant to the terms of the Share Option Scheme
“Option Period”	a period to be determined by the Board at its absolute discretion and notified by the Board to each Grantee as being the period during which an Option may be exercised and in any event, such period shall not be longer than 10 years from the Offer Date
“Ordinary Resolution(s)”	the proposed ordinary resolution(s) as referred to in the AGM Notice

## DEFINITIONS

“Participants”	means (i) any executive directors or any full-time employees of the Group; (ii) any discretionary objects of a discretionary trust established by any full-time employees or executive directors of the Group; (iii) any chief executives of the Company; (iv) any associates of executive director or chief executive of the Company; (v) any consultants, professional and other advisers to the Group (or persons, firms or companies proposed to be appointed for providing such services); (vi) any joint venture partner, business associate or counter-party to any business operation or business arrangements of the Group and any person employed or engaged to work for any of the parties as set out in this item (vi), provided that the Board shall have absolute discretion to determine whether or not one falls within the above categories and whether and when a Grantee ceases to be a Participant, and that in each case the decision of the Board shall be conclusive and binding on the party concerned
“Repurchase Mandate”	a general mandate to the Directors to exercise the power of the Company to repurchase Shares during the period as set out in Ordinary Resolution no. 5 up to 10% of the issued share capital of the Company as at the date of passing such resolution
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.40 each in the capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time)
“Shareholder(s)”	holder(s) of Share(s)
“Share Option Scheme”	the share option scheme in its present or any amended form proposed to be adopted by the Company at the AGM, a summary of the principal terms of the rules of which is set out in Appendix II to this circular
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option pursuant to the terms of the Share Option Scheme

## DEFINITIONS

“subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance or the Listing Rules)
“substantial shareholder”	as such term is defined under the Listing Rules
“Takeover Code”	the Hong Kong Codes on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



**COSMOS MACHINERY ENTERPRISES LIMITED**

**大同機械企業有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 118)**

*Executive Directors:*

Tang To (Chairman)  
Zhao Zhuoying  
Wong Yiu Ming  
Yan Wing Fai Richard  
Li Tin Loi

*Registered Office:*

8/F., Tai Tung Industrial Building  
29-33 Tsing Yi Road  
Tsing Yi Island  
New Territories  
Hong Kong

*Non-Executive Directors:*

Tang Kwan (Honorary Chairman)  
He Zhiqi (Vice Chairman)  
Kan Wai Wah

*Independent Non-Executive Directors:*

Liang Shangli  
Yip Jeffery  
Yeung Shuk Fan

29th April, 2005

*To the Shareholders*

Dear Sir or Madam,

**PROPOSALS INVOLVING  
GENERAL MANDATES TO REPURCHASE SHARES  
AND TO ISSUE SHARES  
PROPOSAL FOR ADOPTION OF A SHARE OPTION SCHEME  
AND RE-ELECTION OF DIRECTORS**

**INTRODUCTION**

The purpose of this circular is to provide you with information regarding the proposed general mandates to repurchase Shares and to issue Shares, the proposed adoption of the Share Option Scheme and the proposed re-election of Directors and to seek your approval of the Ordinary Resolutions relating to these matters at the AGM.

## LETTER FROM THE BOARD

### GENERAL MANDATE TO REPURCHASE SHARES

At the AGM, an Ordinary Resolution will be proposed to grant the Repurchase Mandate to the Directors, details of which are set out in Ordinary Resolution no. 5.

In accordance with the Listing Rules, an explanatory statement to provide the Shareholders with all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the resolution to approve the Repurchase Mandate is set out in Appendix I hereto.

### GENERAL MANDATE TO ISSUE SHARES

An Ordinary Resolution will be proposed at the AGM to grant the Issue Mandate to the Directors, details of which are set out in Ordinary Resolution no. 6.

In addition, an Ordinary Resolution will be proposed to extend the Issue Mandate which would increase the limit of the Issue Mandate by adding to it the number of Shares repurchased under the Repurchase Mandate. Details of the extension of the Issue Mandate are set out in Ordinary Resolution no. 7.

### ADOPTION OF THE SHARE OPTION SCHEME

In order to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the Participants for their contributions and/or potential contributions to the Group and for such other purposes as the Board may approve from time to time, the Board proposes that the Share Option Scheme for the Participants be approved and adopted at the AGM.

At the AGM, an Ordinary Resolution will be proposed that the Share Option Scheme be approved and adopted. A summary of the principal terms of the rules of the Share Option Scheme is set out in Appendix II hereto. The Share Option Scheme will take effect, subject to the fulfillment of all conditions precedent as referred to in sub-paragraph (a) below, on the date of its adoption at the AGM.

#### **(a) Conditions Precedent of the Share Option Scheme**

The Share Option Scheme will take effect upon satisfaction of the following conditions:

- (i) passing of an ordinary resolution approving the adoption of the Share Option Scheme by the Shareholders and authorising the Directors to grant Options to subscribe for Shares thereunder and to allot and issue Shares pursuant to the exercise of any Options granted under the Share Option Scheme; and

## LETTER FROM THE BOARD

- (ii) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, any Shares to be issued pursuant to the exercise of Options under the Share Option Scheme.

Upon satisfaction of the above conditions, the Board will have the right to grant to the Participants Options to subscribe for Shares, which when aggregated with Shares to be granted under any other share option schemes of the Company, representing up to 10% of the total number of Shares in issue as at the date of approval of the Share Option Scheme, unless the Company obtains an approval from its Shareholders to refresh the 10% limit. The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company shall not exceed 30% of the issued share capital of the Company from time to time.

As at the Latest Practicable Date, the issued share capital of the Company comprised of 706,228,857 Shares. Assuming that there is no change in the issued share capital of the Company between the period from the Latest Practicable Date and the Adoption Date, the number of Shares issuable pursuant to the Share Option Scheme on the Adoption Date will be 70,622,885 Shares, being 10% of the total issued share capital of the Company.

Application will be made to the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the Options granted under the Share Option Scheme.

Once the Share Option Scheme is adopted, any alterations to the terms and conditions thereof which are of a material nature or any change to the terms of the Options granted must be approved by the Shareholders, except where the alterations take effect automatically pursuant to the terms originally provided in the Share Option Scheme.

### **(b) Explanation of the terms of the Share Option Scheme**

In Appendix II hereto, you will find a summary of the principal terms of the rules of the Share Option Scheme. By offering Options to the Participants in such flexible terms under the Share Option Scheme, in particular, the Subscription Price will be determined on a fair basis, such Participants may exercise their Options at anytime within the Option Period to acquire a monetary gain or ownership interest in the Company which may in turn provide a further incentive to the Participants to better serve the Group.

### **(c) Value of the Options**

Since the Share Option Scheme is yet to be approved by the Shareholders, the Board has not yet determined the time frame on the granting of the Options under the Share Option Scheme and the number of Shares for which any Grantee may

## LETTER FROM THE BOARD

subscribe upon exercise of an Option. Accordingly, the Board considers that it is premature and inappropriate to state the value of the Option for the time being in this circular. The Board also considers that it is inappropriate to value all the Options that may be granted under the Share Option Scheme as if they had been granted at the Latest Practicable Date. Such value would not be meaningful and could also be misleading to the Shareholders as it would necessarily be based on many speculative assumptions including the exercise price, the exercise period and other variables, all of which would be difficult to speculate on.

### PROPOSED ELECTION OF DIRECTORS

The board of directors currently consists of 11 directors, namely Mr. Tang To (Chairman), Mr. Zhao Zhuoying, Mr. Wong Yiu Ming, Mr. Yan Wing Fai Richard, Mr. Li Tin Loi, Mr. Tang Kwan (Honorary Chairman), Mr. He Zhiqi (Vice Chairman), Mr. Kan Wai Wah, Mr. Liang Shangli, Mr. Yip Jeffery and Miss Yeung Shuk Fan.

In accordance with Articles 94 and 103 of the Company's Articles of Association, Mr. Wong Yiu Ming, Mr. Liang Shangli, Mr. Yip Jeffery and Miss Yeung Shuk Fan, will retire from office and, being eligible, offer themselves for re-election at the AGM. Details of the retiring Directors who are proposed to be re-elected at the AGM required to be disclosed by the Listing Rules are set out in Appendix III to this circular.

### ANNUAL GENERAL MEETING

At the AGM, Ordinary Resolutions will be proposed to approve the Repurchase Mandate, the Issue Mandate, the extension of the Issue Mandate, the adoption of the Share Option Scheme and the re-election of retiring Directors. The AGM Notice is set out in pages 27 to 31 of this circular.

A form of proxy for use at the AGM is enclosed with this circular. Whether or not you are able to attend the AGM, you are requested to complete the form of proxy and return it to the registered office of the Company in accordance with the instructions printed thereon not later than 48 hours before the time fixed for holding the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the AGM or any adjourned meeting if you so desire.

### RIGHT TO DEMAND A POLL

Pursuant to Article 74 of the Articles of Association of the Company, at any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is taken as may from time to time be required under the Listing Rules or any other applicable laws, rules or regulations or unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:

- (i) by the Chairman of the meeting;

## LETTER FROM THE BOARD

- (ii) by at least three Shareholders present in person or by proxy for the time being entitled to vote at the meeting; or
- (iii) by any Shareholder or Shareholders present in person or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or
- (iv) by any Shareholder or Shareholders present in person or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

On a show of hands, every Shareholder who (being an individual) is present in person or (being a corporation) is present by a representative duly authorized under Section 115 of the Companies Ordinance shall have one vote only. On a poll, every Shareholder present in person or by proxy shall have one vote for every Share held by him. On a poll, a Shareholder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses the same way.

### **RESPONSIBILITY STATEMENT**

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

### **DOCUMENT AVAILABLE FOR INSPECTION**

Copy of the Share Option Scheme will be available for inspection at the registered office of the Company during normal business hours for a period of 14 days before and at the AGM.

### **RECOMMENDATION**

The Directors consider that the granting of the Repurchase Mandate, the Issue Mandate, the extension of the Issue Mandate, the adoption of the Share Option Scheme and the re-election of the retiring Directors are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders should vote in favour of the resolutions to be proposed at the AGM.

## LETTER FROM THE BOARD

### ADDITIONAL INFORMATION

Your attention is drawn to Appendix I hereto which is an explanatory statement as required under the Listing Rules to provide the requisite information regarding the Repurchase Mandate.

### GENERAL

The translation into Chinese language of this circular is for reference only. In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

Yours faithfully,  
By order of the Board  
**TANG To**  
*Chairman*

The following is the explanatory statement as required by the Listing Rules, to provide requisite information to you for your consideration of the Repurchase Mandate.

For the purpose of this Appendix I, the term “shares” shall be as defined in the Hong Kong Code on Share Repurchases which mean shares of all classes and shares which carry a right to subscribe or purchase shares.

The explanatory statement also constitutes the memorandum as required under Section 49BA(3)(b) of the Companies Ordinance.

## **1. LISTING RULES**

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their fully paid-up shares on the Stock Exchange subject to certain restrictions, which include but not limited to the following:

### **(a) Shareholders' Approval**

The Listing Rules provide that all on-market share repurchases by a company with its primary listings on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of a specific approval in relation to specific transactions or by a general mandate to the directors of the company to make such repurchases.

### **(b) Source of Funds**

Repurchases must be made out of funds which are legally available for such purpose in accordance with the company's constitutive documents and the laws of the jurisdiction in which the company is incorporated or otherwise established.

## **2. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 706,228,857 Shares.

Subject to the passing of an Ordinary Resolution for approving the Repurchase Mandate at the AGM, and on the basis that no further Shares are issued or repurchased prior to the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 70,622,885 Shares, representing not more than 10% of the issued share capital as at the Latest Practicable Date.

## **3. REASONS FOR REPURCHASE**

The Directors believe that the Repurchase Mandate is in the best interests of the Company and the Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets value and/or earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders.

#### 4. FUNDING OF REPURCHASE

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum and articles of association and the Companies Ordinance. The Companies Ordinance provides that the amount of capital repaid in connection with a share repurchase may only be paid from the distributable profits of the company and/or the proceeds of a new issue of shares made for the purpose of the repurchase to such extent allowable under the Companies Ordinance. The Companies Ordinance further provides that the amount of premium payable on repurchase may only be paid out of the distributable profits of the Company. Where the repurchased shares were issued at a premium, any premium payable on repurchase may be paid out of the proceeds of a fresh issue of shares made for the purposes of the share repurchase up to certain limits specified by the Companies Ordinance.

There might be material adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited consolidated accounts contained in the Company's annual report for the year ended 31st December, 2004 in the event that the Repurchase Mandate was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

#### 5. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the previous 12 months before the Latest Practicable Date were as follows:

	Share Prices	
	Highest HK\$	Lowest HK\$
April 2004	0.409	0.273
May 2004	0.355	0.273
June 2004	0.300	0.236
July 2004	0.327	0.255
August 2004	0.364	0.268
September 2004	0.391	0.318
October 2004	0.430	0.370
November 2004	0.400	0.350
December 2004	0.390	0.350
January 2005	0.410	0.360
February 2005	0.430	0.385
March 2005	0.435	0.395
April 2005 (up to the Latest Practicable Date)	0.510	0.400

## 6. GENERAL

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they would exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate only in accordance with the Listing Rules, the Companies Ordinance and other applicable laws of Hong Kong.

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeover Code. As a result, a Shareholder, or a group of Shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeover Code.

As at the Latest Practicable Date, Cosmos Machinery (Holdings) Limited together with its associates were beneficially interested in 297,095,052 Shares representing approximately 42.07 per cent. of the issued share capital of the Company. If such shareholdings remain the same and in the event that the Directors exercised in full the power to repurchase Shares pursuant to the Repurchase Mandate, the shareholding of Cosmos Machinery (Holdings) Limited together with its associates in the Company would be increased to approximately 46.74 per cent. of the issued share capital of the Company. Such increase would give rise to an obligation to make a mandatory offer under Rules 26 and 32 of the Takeover Code. China Resources (Holdings) Company Limited was beneficially interested in 169,649,047 Shares representing approximately 24.02 per cent. of the issued share capital of the Company. If such shareholdings remain the same and in the event that the Directors exercised in full the power to repurchase Shares pursuant to the Repurchase Mandate, the shareholding of China Resources (Holdings) Company Limited in the Company would be increased to approximately 26.69 per cent. of the issued share capital of the Company. Such increase would not give rise to an obligation to make a mandatory offer under Rules 26 and 32 of the Takeover Code. The Directors, to the best of their knowledge having made all reasonable enquiries, are not aware of any proposals as at the Latest Practicable Date which may exercise the Repurchase Mandate to such extent as would trigger the obligation of mandatory offer under the Takeover Code. The Company may not repurchase Shares which would result in the amount of Shares held by the public being reduced to less than 25 per cent.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates have any present intention to sell any Shares to the Company if the Repurchase Mandate is approved by the Shareholders.

No connected persons have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

## 7. SHARE REPURCHASES MADE BY THE COMPANY

The Company had not repurchased any of the Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

The following is a summary of the principal terms of the rules of the Share Option Scheme. It does not form part of, nor is it intended to be part of the rules of the Share Option Scheme and it should not be taken as affecting the interpretation of the rules of the Share Option Scheme. The Directors reserve the right at any time prior to the AGM to make such amendments to the Share Option Scheme as they may consider necessary or appropriate provided that such amendments do not conflict in any material aspects with the summary in this Appendix II:

### **1. Purpose of the Share Option Scheme**

The purpose of the Share Option Scheme is to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the Participants for their contributions and/or potential contributions to the Group and for such other purposes as the Board may approve from time to time.

### **2. Basis of Eligibility of the Participants**

The Board may, at its discretion, invite any Participant to take up Option to subscribe for Shares at a price determined in accordance with paragraph 6 below.

In determining the basis of eligibility of each Participant, the Board would take into account such factors as the Board may at its discretion consider appropriate.

### **3. Conditions**

The Share Option Scheme shall take effect subject to the passing of an ordinary resolution approving the adoption of the Share Option Scheme by the Shareholders and authorising the Directors to grant Options to subscribe for Shares thereunder and to allot and issue Shares pursuant to the exercise of any Options granted under the Share Option Scheme, and is conditional upon the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, any Shares to be issued pursuant to the exercise of Options under the Share Option Scheme.

### **4. Duration and Administration**

- 4.1 Subject to the fulfillment of the conditions in paragraph 3 above and the termination provisions in paragraph 16 below, the Share Option Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, after which period no further Options will be issued but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect, and Options which are granted during the life of the Share Option Scheme may continue to be exercisable in accordance with their terms of issue.

- 4.2 The Share Option Scheme shall be subject to the administration of the Board whose decision (save as otherwise provided in the Share Option Scheme) shall be final and binding on all parties.
- 4.3 Subject to compliance with the requirements of the Listing Rules and the provisions of the Share Option Scheme, the Board shall have the right (i) to interpret and construe the provisions of the Share Option Scheme; (ii) to determine the persons who will be awarded Options under the Share Option Scheme and the number of Shares to be issued under the Option; (iii) to determine the Subscription Price; (iv) to make such appropriate and equitable adjustments to the terms of Options granted under the Share Option Scheme as it deems necessary; and (v) to make such other decisions, determinations or regulations as it shall deem appropriate in the administration of the Share Option Scheme.

## 5. Grant of Option

- 5.1 On and subject to the terms of the Share Option Scheme, the Board shall be entitled at any time, within 10 years after the Adoption Date to make an Offer on any Business Day to any Participant as the Board may in its absolute discretion select to subscribe for such number of Shares as the Board may (subject to paragraphs 9 and 10 below) determine at the Subscription Price.
- 5.2 No Offer shall be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision, until such price sensitive information has been published pursuant to the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (i) the date of the meeting of the Board (as such date is first notified by the Company to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, no Option may be granted.
- 5.3 An Offer shall be made to a Participant by letter in such form as the Board may from time to time determine (the "Offer Letter") specifying the number of Shares under the Option and the Option Period and requiring the Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the Share Option Scheme and shall remain open for acceptance by the Participant concerned for a period of 28 days from the Offer Date (both

days inclusive), provided that no such Offer shall be open for acceptance after the 10th anniversary from the Adoption Date or after the Share Option Scheme has been terminated in accordance with the provisions of the Share Option Scheme, whichever is earlier.

- 5.4 An Offer shall be deemed to have been accepted by the Grantee (and the Option to which the Offer relates shall be deemed to have been granted and to have taken effect on the Offer Date) when the duplicate of the Offer Letter comprising acceptance of the Offer duly signed by the Grantee together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the granting thereof is received by the Company within the period as stipulated in sub-paragraph 5.3 above. Such remittance shall in no circumstances be refundable.
- 5.5 Any Offer may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof. To the extent that the Offer is not accepted within the period and in the manner stipulated in sub-paragraph 5.4 above it will be deemed to have been irrevocably declined.
- 5.6 Subject to the provisions of the Share Option Scheme and the Listing Rules, the Board may when making the Offer impose any conditions, restrictions or limitations in relation to the Option as it may at its absolute discretion think fit.

## **6. Subscription Price**

Subject to any adjustments made pursuant to paragraph 11 below, the Subscription Price in respect of each Share issued pursuant to the exercise of Options granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a Participant and shall be at least the highest of:

- (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date, which must be a Business Day;
- (b) a price being the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 Business Days immediately preceding the Offer Date; and
- (c) the nominal value of a Share.

## **7. Exercise of Options**

- 7.1 An Option shall be personal to the Grantee and shall not be assignable or transferable. No Grantee shall in any way sell, transfer, charge,

mortgage, encumber or create any interests (whether legal or beneficial) in favour of any third party over or in relation to any Option or enter into any agreement to do so. Any breach of the foregoing by a Grantee shall render all outstanding Option of such Grantee be automatically cancelled in accordance with sub-paragraph 8(h) below.

- 7.2 Unless otherwise determined by the Board and specified in the Offer Letter at the time of the Offer, there is neither any performance targets that need to be achieved by the Grantee before an Option can be exercised nor any minimum period for which an Option must be held before the Option can be exercised. An Option may be exercised in whole or in part in the manner as set out in the Offer Letter and this sub-paragraph 7.2 by the Grantee giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised, which, if less than the total number of Shares subject to all Options which may be exercised by the Grantee then, must be in an integral multiple of the board lot for dealing in Shares on the Stock Exchange. Each such notice must be accompanied by a remittance for the full amount of the total Subscription Price for the Shares in respect of which the notice is given. Subject to paragraph 12 below, within 28 days after receipt of the notice and the remittance, and where appropriate, receipt of the Auditors' certificate pursuant to paragraph 11 below, the Company shall allot the relevant Shares to the Grantee credited as fully paid and issue to the Grantee a share certificate in respect of the Shares so allotted.
- 7.3 The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the memorandum and articles of association of the Company for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of their allotment and issue, and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment and issue other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date of allotment and issue.

## 8. Lapse of Option

An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (a) the expiry of the Option Period;
- (b) on the date on which a general offer by way of take-over (other than by way of scheme of arrangement pursuant to sub-paragraph 8(c) below) which is made to all the holders of Shares (or all such holders other

than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) becomes or is declared unconditional;

- (c) on the date on which a general offer by way of scheme of arrangement which is made to all the holders of Shares is approved by the necessary number of holders of Shares at the requisite meeting;
- (d) on the date on which the Company gives notice to the Grantee that a compromise or arrangement between the Company and its Shareholders or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies (other than a general offer or a scheme of arrangement contemplated in sub-paragraph 8(c) above);
- (e) the date on which the Grantee dies;
- (f) the date on which the Grantee ceases to be a Participant;
- (g) on the date on which a notice is given by the Company to the Grantee that the Company has given a notice to its Shareholders to convene a general meeting for the purposes of considering, if thought fit, approving a resolution to voluntarily wind-up the Company (other than for the purposes of a reconstruction, amalgamation or scheme of arrangement);
- (h) the date on which the Grantee commits a breach of sub-paragraph 7.1 above;
- (i) the date on which the Option is cancelled by the Board as provided in paragraph 15 below; or
- (j) the non-fulfillment of any condition referred to in paragraph 3 above.

The Company shall owe no liability to any Grantee for the lapse of any Option under this paragraph 8.

## **9. Maximum number of shares available for subscription**

9.1 Subject to sub-paragraph 9.2 below:

- (a) The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the total number of Shares in issue as at the Adoption Date, unless the Company obtains an approval from its Shareholders pursuant to sub-paragraph 9.1(b) below. Options

lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes will not be counted for the purpose of calculating such 10% limit.

- (b) The Company may seek approval of its Shareholders in general meeting for refreshing the 10% limit set out in sub-paragraph 9.1 (a) above under the Share Option Scheme such that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company under the limit as refreshed shall not exceed 10% of the total number of Shares in issue as at the date of approval to refresh such limit. Options previously granted under the Share Option Scheme and any other share option schemes (including those outstanding, cancelled, lapsed in accordance with the Share Option Scheme or any other share option schemes or exercised options) will not be counted for the purpose of calculating such limit as refreshed. In such a case, the Company shall send a circular to its Shareholders containing the information required under the Listing Rules.
- (c) The Company may seek separate approval by its Shareholders in general meeting for granting Options beyond the 10% limit provided that the Options in excess of such limit are granted only to Participants specifically identified by the Company before such approval is sought. In such a case, the Company shall send a circular to its Shareholders containing, amongst other terms, a generic description of the specified Participant(s) who may be granted such Options, the number of Shares subject to the Options to be granted, the terms of the Options to be granted, the purpose of granting Options to the specified Participant(s), an explanation as to how these Options serve such purpose and such other information as required under the Listing Rules.

9.2 Notwithstanding any provision in paragraph 9.1 above and subject to paragraph 11 below, the limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the Shares in issue from time to time. No options may be granted under the Share Option Scheme and any other share option schemes of the Company if this will result in such limit being exceeded.

## **10. Maximum entitlement of Shares of each Participant**

- 10.1 (a) Subject to sub-paragraphs 10.1(b) below, the total number of Shares issued and to be issued upon exercise of the Options granted to

each Participant (including both exercised and outstanding Options) in any 12-month period shall not exceed 1% of the total number of Shares in issue.

- (b) Notwithstanding sub-paragraph 10.1(a) above, where any further grant of Options to a Participant would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such Participant under the Share Option Scheme and any other share option schemes of the Company (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by the Shareholders in general meeting with such Participant and his associates abstaining from voting. The number and terms of the Options (including exercise price) to be granted to such Participant shall be fixed before Shareholders' approval and the date of Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the Subscription Price. In such a case, the Company shall send a circular to its Shareholders containing, amongst other terms, the identity of such Participant, the number and the terms of the Options to be granted (and Options previously granted to such Participant) and such other information as required under the Listing Rules.
- (c) In addition to paragraph 9 and sub-paragraphs 10.1(a) and 10.1(b) above, any grant of Options to a Participant who is a Director, chief executive or substantial Shareholder or their respective associates must be approved by the independent non-executive Directors (excluding independent non-executive Director who is the Grantee).
- (d) In addition to paragraph 9 and sub-paragraphs 10.1(a) and 10.1(b) above, where the Board proposes to grant any Option to a Participant who is a substantial Shareholder or an independent non-executive Director, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted under the Share Option Scheme and any other share option schemes of the Company (including options exercised, cancelled and outstanding) to him in the 12-month period up to and including the date of such grant:
  - (i) representing in aggregate more than 0.1% of the total number of Shares in issue; and

- (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5,000,000,

such proposed grant of Options must be approved by the Shareholders in general meeting. In such a case, the Company shall send a circular to its Shareholders containing all those terms as required under the Listing Rules. All connected persons of the Company must abstain from voting in favour at such general meeting. Any vote taken at the meeting to approve the grant of such Options must be taken on a poll and the applicable requirements of the Listing Rules must be complied with.

- 10.2 Subject to sub-paragraphs 9.1, 9.2 and 10.1 above, in the event of any alteration in the capital structure of the Company whether by way of capitalisation issue, rights issue, consolidation, subdivision or reduction of the share capital of the Company or otherwise howsoever (other than as a result of an issue of Shares as consideration in a transaction), the maximum number of Shares referred to in sub-paragraphs 9.1, 9.2 and 10.1 above will be adjusted in such manner as an independent financial adviser or the Auditors (acting as experts and not as arbitrators) shall confirm to the Directors in writing to be fair and reasonable.

## **11. Reorganisation of capital structure**

In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable, whether by way of capitalization issue, rights issue, subdivision, consolidation, or reduction of the share capital of the Company or otherwise howsoever in accordance with the applicable legal requirements and requirements of the Stock Exchange excluding any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in respect of a transaction to which the Company is a party, such corresponding alterations (if any) shall be made to:

- (i) the number or nominal amount of Shares subject to the Option so far as unexercised;
- (ii) the Subscription Price; and/or
- (iii) the method of exercise of the Option (if applicable),

as an independent financial adviser or the Auditors shall at the request of the Board certify in writing to the Directors, either generally or as regards any particular Grantee, to be in their opinion fair and reasonable and that any such alterations shall satisfy the requirements set out in the note to rule 17.03 (13) of the Listing Rules and shall give a Grantee as nearly as possible the same proportion of the issued share capital of the Company as that to which

the Grantee was previously entitled, provided that no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. The capacity of the independent financial adviser or the Auditors in this paragraph is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on the Company and the Grantees. The costs of the independent financial adviser or the Auditors shall be borne by the Company.

## 12. Share Capital

The exercise of any Option shall be subject to the Shareholders in a general meeting approving any necessary increase in the authorised share capital of the Company. Subject thereto, the Board shall make available sufficient authorised but unissued share capital of the Company to meet subsisting requirements on the exercise of Options.

## 13. Disputes

Any dispute arising in connection with the Share Option Scheme (whether as to the number of Shares the subject of an Option, the amount of the Subscription Price or otherwise) shall be referred to the decision of the Auditors or an independent financial adviser appointed by the Company who shall act as experts and not as arbitrators and whose decision shall be final and binding.

## 14. Alteration of the Share Option Scheme

14.1 The provisions of the Share Option Scheme may be altered in any respect by resolution of the Board except that the provisions of the Share Option Scheme as to:

- (a) the definitions of "Grantee", "Option Period" and "Participant" in sub-paragraph 1.1 of the Scheme Option Scheme;
- (b) the provisions of paragraphs and sub-paragraphs 4.1, 5.1, 5.2, 5.3, 6, 7, 8, 9, 10, 11 above and this paragraph 14; and
- (c) all such other matters set out in Rule 17.03 of the Listing Rules

shall not be altered to the advantage of the Participants except with the prior approval of the Shareholders in general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the affected Grantees as would be required of the Shareholders under the articles of association for the time being of the Company for a variation of the rights attached to the Shares.

- 14.2 Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of the Options granted must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme.
- 14.3 The amended terms of the Share Option Scheme or the Options must still comply with the relevant requirements of Chapter 17 of the Listing Rules.
- 14.4 Any change to the authority of the Directors or scheme administrators in relation to any alteration to the terms of the Share Option Scheme must be approved by the Shareholders in general meeting.

**15. Cancellation of the Options granted**

The Board may, with the consent of the relevant Grantee, at any time at its absolute discretion cancel any Option granted but not exercised. Where the Company cancels Options and makes an Offer of the grant of new Options to the same Option holder, the Offer of the grant of such new Options may only be made, under the Share Option Scheme with available Options (to the extent not yet granted and excluding the cancelled Options) within the limit approved by the Shareholders as mentioned in paragraph 9 above.

**16. Termination of the Share Option Scheme**

The Company by resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further Options will be offered but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect.

The following are the particulars of the Directors who will retire from office and be proposed to be elected at the AGM to be held on 30th May, 2005:

**Mr. Wong Yiu Ming**

Mr. Wong Yiu Ming, an executive Director, aged 51, has more than 21 years of experience in sales, marketing and general management. Mr. Wong joined the Group in 1982. He holds a Bachelor of Science degree in Engineering and a Master degree in Business Administration. Mr. Wong was appointed as the General Manager of the Company on 1st February, 1999. He is responsible for the strategic planning and general management of the Group.

Mr. Wong did not hold any directorship in other listed public company in the last three years. Mr. Wong does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Wong holds personal interests of 9,696,072 Shares within the meaning of Part XV of the SFO.

Mr. Wong is not appointed for a specific term except that he is subject to retirement by rotation and re-election in accordance with the Company's articles of association. The emolument received by Mr. Wong for the year ended 31st December, 2004 was HK\$2,937,319 and such emolument was determined by reference to the Company's performance and profitability, remuneration benchmark in the industry and the prevailing market conditions.

The Directors are not aware of any other matter relating to the re-election of Mr. Wong Yiu Ming as an executive Director that needs to be brought to the attention of the Shareholders.

**Mr. Liang Shangli**

Mr. Liang Shangli, an independent non-executive Director, aged 85, graduated from the University of Canton. He has been an independent non-executive director of the Company since 1988. Mr. Liang is the Honorary Vice-Chairman of both the All China Federation of Industry & Commerce and the Guangzhou Trust & Investment Corporation as well as an ex-member of CPPCC All China Standing Committee. He is also the Honorary President of both the Guangdong Federation of Industry and Commerce and the Guangzhou Federation of Industry and Commerce.

Mr. Liang did not hold any directorship in other listed public company in the last three years. Mr. Liang does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Liang did not have any interest in the Shares within the meaning of Part XV of the SFO.

There is no service contract between the Company and Mr. Liang and he is not appointed for a specific term except that he is subject to retirement by rotation and re-election in accordance with the Company's articles of association. There is no agreement as to the director's fee of Mr. Liang and his director's fee is determined by reference to the Company's performance and profitability, remuneration benchmark in the industry and the prevailing market conditions.

The Directors are not aware of any other matter relating to the re-election of Mr. Liang Shangli as an independent non-executive Director that needs to be brought to the attention of the Shareholders.

#### **Mr. Yip Jeffery**

Mr. Yip Jeffery, an independent non-executive Director, aged 71, is a registered optometrist in Hong Kong. Mr. Yip is the President of the Hong Kong Eye Foundation Limited, the Past President of the Hong Kong Optometric Association Limited, the Past President and the Honorary Life President of the Hong Kong Contact Lens Research Association Limited. Mr. Yip was appointed as an independent non-executive director of the Company in August 1994.

Mr. Yip did not hold any directorship in other listed public company in the last three years. Mr. Yip does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Yip did not have any interest in the Shares within the meaning of Part XV of the SFO.

There is no service contract between the Company and Mr. Yip and he is not appointed for a specific term except that he is subject to retirement by rotation and re-election in accordance with the Company's articles of association. There is no agreement as to the director's fee of Mr. Yip and his director's fee is determined by reference to the Company's performance and profitability, remuneration benchmark in the industry and the prevailing market conditions.

The Directors are not aware of any other matter relating to the re-election of Mr. Yip Jeffery as an independent non-executive Director that need to be brought to the attention of the Shareholders.

#### **Miss Yeung Shuk Fan**

Miss Yeung Shuk Fan, an independent non-executive Director, aged 39, has over 15 years of experience in the finance sector and holds a Master degree in Business Administration. She is a member of the American Institute of Certified Public Accountants and an associate of The Institute of Chartered Secretaries and Administrators. During the past ten years, Miss Yeung has served as financial controller and financial manager of various private groups of companies. She has been an independent non-executive director of the Company since June 2004.

Miss Yeung did not hold any directorship in other listed public company in the last three years. Miss Yeung does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company. As at the Latest Practicable Date, Miss Yeung did not have any interest in the Shares within the meaning of Part XV of the SFO.

There is no service contract between the Company and Miss Yeung and she is not appointed for a specific term except that she is subject to retirement by rotation and re-election in accordance with the Company's articles of association. There is no agreement as to the director's fee of Miss Yeung and her director's fee is determined by reference to the Company's performance and profitability, remuneration benchmark in the industry and the prevailing market conditions.

The Directors are not aware of any other matter relating to the re-election of Miss Yeung Shuk Fan as an independent non-executive Director that needs to be brought to the attention of the Shareholders.

## NOTICE OF ANNUAL GENERAL MEETING



### COSMOS MACHINERY ENTERPRISES LIMITED

### 大同機械企業有限公司

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 118)**

**NOTICE IS HEREBY GIVEN** that the annual general meeting of Cosmos Machinery Enterprises Limited (the "Company") will be held at Tang I, 3rd Floor, Sheraton Hong Kong Hotel & Towers, 20 Nathan Road, Kowloon, Hong Kong on Monday, 30th May, 2005 at 9:30 a.m. for the following purposes:-

1. To receive and consider the financial statements and the directors' and auditors' reports of the Company for the year ended 31st December, 2004.
2. To declare a final dividend.
3. To re-elect the retiring directors and to fix directors' fee.
4. To re-appoint auditors and to authorise the directors to fix their remuneration.

As special business, to consider and, if thought fit, to pass with or without amendments the following resolutions as ordinary resolutions of the Company:-

#### ORDINARY RESOLUTIONS

5. **"THAT:**
  - (a) subject to paragraph (b) of this resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or on any other stock exchange on which the securities of the Company may be listed and is recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and/or the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
  - (b) the aggregate nominal amount of shares of the Company to be repurchased by the Company pursuant to the approval in paragraph (a) of this resolution shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution and the said approval shall be limited accordingly; and

## NOTICE OF ANNUAL GENERAL MEETING

(c) for the purposes of this resolution:-

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:-

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or law to be held; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution.”

6. **“THAT:**

- (a) subject to paragraph (c) of this resolution and pursuant to Section 57B of the Companies Ordinance, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make and grant offers, agreements and options (including warrants, bonds, debentures, notes and other securities which carry rights to subscribe for or are convertible into shares of the Company) which would or might require shares of the Company to be allotted be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this resolution shall authorise the directors of the Company during the Relevant Period to make and grant offers, agreements and options (including warrants, bonds, debentures, notes and other securities which carry rights to subscribe for or are convertible into shares of the Company) which would or might require shares of the Company to be allotted after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted or issued (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) the exercise of rights of subscription or conversion under the terms of any existing warrants, bonds, debentures, notes or other securities issued by the Company which carry rights to subscribe for or are convertible into shares of the Company; or (iii) the exercise of options granted under any option scheme or similar arrangement for the time being adopted for the grant or issue of shares or rights to acquire shares in the Company; or (iv) any scrip dividend or similar arrangement providing for the

## NOTICE OF ANNUAL GENERAL MEETING

allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company, shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution and the said approval shall be limited accordingly; and

(d) for the purposes of this resolution:-

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:-

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of associations of the Company or law to be held; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution.”

“Rights Issue” means an offer of shares of the Company or issue of options, warrants or other securities giving the right to subscribe for shares of the Company open for a period fixed by the directors of the Company to holders of shares whose names appear on the register of members of the Company (and, where appropriate, to holders of other securities of the Company entitled to the offer) on a fixed record date in proportion to their then holdings of such shares of the Company (or, where appropriate, such other securities) (subject in all cases to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

7. **“THAT** subject to the passing of resolution nos. 5 and 6 set out in the notice convening this meeting, the general mandate granted to the directors of the Company to exercise the powers of the Company to allot, issue and deal with additional shares in the Company pursuant to resolution no. 6 set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to the resolution no. 5 set out in the notice convening this meeting, provided that such extended amount shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution.”

## NOTICE OF ANNUAL GENERAL MEETING

8. "THAT:

- (A) subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting approval of the listing of, and permission to deal in, the shares of HK\$0.40 each in the share capital of the Company ("Shares") to be issued pursuant to the exercise of any options granted under the share option scheme of the Company (the "Share Option Scheme") (the rules of the Share Option Scheme are contained in the document marked "A" produced to this meeting and for the purposes of identification signed by the Chairman thereof), the Share Option Scheme be and is hereby approved and adopted and the board of directors of the Company be and is hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Share Option Scheme including but without limitation:
- (i) to administer the Share Option Scheme under which options will be granted to participants eligible under the Share Option Scheme to subscribe for Shares;
  - (ii) to modify and/or amend the Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the Share Option Scheme relating to modification and/or amendment;
  - (iii) to allot, issue and deal with from time to time such number of Shares as may be required to be issued pursuant to the exercise of the options under the Share Option Scheme and subject to the Rules Governing the Listing of Securities on the Stock Exchange;
  - (iv) to make application at the appropriate time or times to the Stock Exchange and any other stock exchanges upon which the issued Shares may for the time being be listed, for listing of, and permission to deal in, any Shares which may hereafter from time to time be allotted and issued pursuant to the exercise of the options under the Share Option Scheme; and
  - (v) to consent, if it so deems fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the Share Option Scheme."

By order of the Board

**Tang To**  
*Chairman*

Hong Kong, 29th April, 2005

## NOTICE OF ANNUAL GENERAL MEETING

*Registered Office:*

8th Floor, Tai Tung Industrial Building  
29-33 Tsing Yi Road  
Tsing Yi Island  
New Territories  
Hong Kong

*Notes:*

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
2. To be valid, a form of proxy, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority must be deposited at the registered office of the Company at 8th Floor, Tai Tung Industrial Building, 29-33 Tsing Yi Road, Tsing Yi Island, New Territories, Hong Kong not less than 48 hours before the time for holding the meeting or adjourned meeting or poll (as the case may be).
3. The register of members of the Company will be closed from 24th May, 2005 to 30th May, 2005 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for the final dividend, all transfers and the relevant share certificates must be lodged with the Company's Registrars, Secretaries Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong no later than 4:00 p.m., on 23rd May, 2005.
4. With regard to the proposed ordinary resolutions no. 3, 5 to 8 set out in this notice, a circular giving details of the proposed re-election of directors, the proposed general mandates to repurchase and issue shares and the proposed adoption of a share option scheme will be despatched to the shareholders of the Company together with the Annual Report of the Company for the year ended 31st December, 2004.
5. This notice will also be available for viewing on the website of each of The Stock Exchange of Hong Kong Limited at <http://www.hkex.com.hk> and of the Company at <http://www.cosmel.com>.
6. As at the date of this notice, the board of directors of the Company comprises Mr. Tang To (Chairman), Mr. Zhao Zhuoying, Mr. Wong Yiu Ming, Mr. Yan Wing Fai Richard and Mr. Li Tin Loi as executive directors, Mr. Tang Kwan (Honorary Chairman), Mr. He Zhiqi (Vice Chairman) and Mr. Kan Wai Wah as non-executive directors, and Mr. Liang Shangli, Mr. Yip Jeffery and Miss Yeung Shuk Fan as independent non-executive directors.



# COSMOS MACHINERY ENTERPRISES LIMITED

## 大同機械企業有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 118)

### Form of Proxy for use at the Annual General Meeting (or at any adjournment thereof)

I/We <sup>(Note 1)</sup> \_\_\_\_\_  
of \_\_\_\_\_  
being the registered holder(s) of <sup>(Note 2)</sup> \_\_\_\_\_ shares of HK\$0.40 each in the capital  
of the abovenamed Company, HEREBY APPOINT <sup>(Note 3)</sup> \_\_\_\_\_  
of \_\_\_\_\_  
or failing him <sup>(Note 3)</sup> \_\_\_\_\_ of \_\_\_\_\_

or failing him, the Chairman of the meeting as my/our proxy to act for me/us at the Annual General Meeting (or at any adjournment thereof) of the Company to be held at Tang I, 3rd Floor, Sheraton Hong Kong Hotel & Towers, 20 Nathan Road, Kowloon, Hong Kong on Monday, the 30th day of May, 2005 at 9:30 a.m. and on a poll to vote on my/our behalf as directed below or if no such direction is given, as my/our proxy thinks fit.

		For <sup>(Note 4)</sup>	Against <sup>(Note 4)</sup>
1.	To receive and consider the audited financial statements and the reports of the directors and auditors for the year ended 31st December, 2004.		
2.	To declare a final dividend.		
3.	(a) To re-elect Mr. WONG Yiu Ming as director.		
	(b) To re-elect Mr. LIANG Shangli as director.		
	(c) To re-elect Mr. YIP Jeffery as director.		
	(d) To re-elect Miss YEUNG Shuk Fan as director.		
	(e) To authorise the directors to fix directors' fee.		
4.	To re-appoint auditors and authorise the directors to fix their remuneration.		
5.	To grant a general mandate to the directors for share repurchases by the Company.		
6.	To grant a general mandate to the directors for issue of shares.		
7.	To extend the general mandate to issue shares by addition thereto the shares repurchased by the Company.		
8.	To approve the proposed adoption of share option scheme.		

Dated: \_\_\_\_\_

Signature <sup>(Note 5)</sup>: \_\_\_\_\_

#### Notes:

- Full name(s) and address(es) to be inserted in BLOCK CAPITALS.
- Please insert the number of shares of HK\$0.40 each registered in your name(s). If no number is inserted, this form of proxy will be deemed to relate to all the shares in the capital of the Company registered in your name(s).
- Please insert the name and address of the proxy desired. IF NO NAME IS INSERTED, THE CHAIRMAN OF THE MEETING WILL ACT AS YOUR PROXY.
- IMPORTANT: IF YOU WISH TO VOTE FOR A RESOLUTION, PLEASE PLACE A "✓" IN THE RELEVANT BOX MARKED "FOR ". IF YOU WISH TO VOTE AGAINST A RESOLUTION, PLEASE PLACE A "✓" IN THE RELEVANT BOX MARKED "AGAINST". Failure to complete the boxes will entitle your proxy to cast his vote at his discretion. Your proxy will also be entitled to vote at his discretion on any resolution properly put to the meeting other than those referred to in the notice convening the meeting.
- This form of proxy must be signed by you or your attorney duly authorised in writing or, in the case of a corporation, this form of proxy must be under its common seal or under the hand of an officer or attorney duly authorised.
- If more than one of the joint holders be present at the meeting personally or by proxy, that one of the said persons whose name stands first on the register of members in respect of the relevant shares will alone be entitled to vote in respect of them.
- To be valid, this proxy form together with any power of attorney or other authority (if any) under which it is signed or notarially certified copy of such power or authority must be deposited at the registered office of the Company at 8th Floor, Tai Tung Industrial Building, 29-33 Tsing Yi Road, Tsing Yi Island, New Territories, Hong Kong not less than 48 hours before the time for holding the meeting or any adjournment thereof.
- A proxy need not be a member of the Company but must attend the meeting in person to represent you.
- Completion and deposit of the form of proxy will not preclude you from attending and voting at the meeting or any adjournment thereof if you so wish.
- Any alteration made in this form should be initialled by the person who signs it.

**此乃要件 請即處理**

閣下如對本通函任何方面或應採取之行動有任何疑問，應諮詢閣下之股票經紀或其他註冊證券商、銀行經理、律師、專業會計師或其他專業顧問。

閣下如已將名下之大同機械企業有限公司（「本公司」）股份全部售出，應立即將本通函連同隨附之代表委任表格送交買方或承讓人，或送交經手買賣之銀行、股票經紀或其他代理商，以便轉交買方或承讓人。

香港聯合交易所有限公司對本通函之內容概不負責，對其準確性或完整性亦不發表任何聲明，並明確表示概不就因本通函全部或任何部份內容而產生或因倚賴該等內容而引致之任何損失承擔任何責任。



**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)

**建議有關購回股份及發行股份  
之一般授權  
採納購股權計劃  
及  
重選董事**

本公司謹定於二零零五年五月三十日星期一上午九時三十分假座香港九龍彌敦道20號香港喜來登酒店三樓唐廳I舉行股東週年大會，大會通告載於本通函之第27至31頁。無論閣下能否出席大會，務請盡快將隨函附奉之代表委任表格按其列印之指示填妥，並無論如何不遲於股東週年大會或其任何續會指定舉行時間48小時前交回本公司之註冊辦事處，地址為香港新界青衣島青衣路29-33號大同工業大廈8字樓。於填妥及交回代表委任表格後，閣下屆時仍可出席股東週年大會或其任何續會，並於會上投票。

二零零五年四月二十九日

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## 釋 義

在本通函內，除非文義另有所指，下列詞彙具有以下涵義：

「採納日期」	指	股東通過決議案批准及採納購股權計劃之日期
「股東週年大會」	指	本公司謹定於二零零五年五月三十日星期一上午九時三十分假座香港九龍彌敦道20號香港喜來登酒店三樓唐廳I舉行之股東週年大會
「股東週年大會通告」	指	日期為二零零五年四月二十九日載於本通函第27至31頁之股東週年大會通告。
「聯繫人士」	指	按上市規則所賦予之涵義
「聯營公司」	指	根據香港會計師公會批准之財務報告準則所界定之涵義
「核數師」	指	本公司當時之核數師
「董事會」	指	本公司董事會或其當時正式授權之委員會
「營業日」	指	香港持牌銀行一般營業日及聯交所進行證券買賣之營業日，星期六或星期日除外
「主要行政人員」	指	上市規則所賦予涵義
「本公司」	指	大同機械企業有限公司，於香港註冊成立之有限公司，其股份於聯交所上市
「公司條例」	指	香港法例第32章公司條例
「關連人士」	指	按上市規則所賦予涵義
「控股股東」	指	按上市規則所賦予涵義
「日」	指	曆日

## 釋 義

「董事」	指	本公司當時之董事
「承授人」	指	根據購股權計劃條款接納要約之任何參與者
「本集團」	指	本公司及其不時之附屬公司及聯營公司
「香港」	指	中華人民共和國香港特別行政區
「發行授權」	指	授予董事之一般授權，於第6項普通決議案所述期間行使本公司權力以配發、發行及處置最多為該決議案通過當日本公司已發行股本20%之股份
「最後實際可行日期」	指	二零零五年四月二十六日，即本通函付印前就確定其所載若干資料之最後實際可行日期
「上市規則」	指	聯交所證券上市規則
「月」	指	曆月
「要約」	指	董事會根據購股權計劃要約授出購股權
「要約日期」	指	就要約而言，向承授人作出要約之日期，須為營業日
「購股權」	指	根據購股權計劃之條款認購股份之權利
「要約期間」	指	將由董事會按其絕對酌情權釐定並由董事會通知各承授人之期間，於該期間內，購股權可予行使，惟無論如何，該期間不得為要約日期起計十年後
「普通決議案」	指	股東週年大會通告所述建議普通決議案

## 釋 義

「參與者」	指	指(i)本集團任何執行董事或全職僱員；(ii)本集團任何全職僱員或執行董事設立之全權信託之任何全權受益人；(iii)本公司任何主要行政人員；(iv)本公司執行董事或主要行政人員之任何聯繫人士；(v)本集團任何諮詢顧問、專業人士及其他顧問（或建議獲委任提供該等服務之人士、商號或公司）；(vi)本集團任何業務經營或業務安排之任何合營夥伴、業務聯繫人士或對手方及受僱或受聘於本(vi)項所載任何人士之人士，惟董事會將有絕對酌情權釐定任何人士是否屬於上述類別及承授人是否及何時終止為參與者，而在各情況下，董事會之決定將為最終及對有關人士具約束力
「購回授權」	指	授予董事之一般授權，於第5項普通決議案所述期間行使本公司權力購回最多為該決議案通過當日本公司已發行股本10%之股份
「證券及期貨條例」	指	香港法例第571章證券及期貨條例
「股份」	指	本公司股本中每股面值0.40港元之股份（或因本公司股本不時分拆、合併、重新分類或重組而產生之其他面值股份）
「股東」	指	股份持有人
「購股權計劃」	指	於股東週年大會提呈本公司採納之現有或任何經修訂形式之購股權計劃，其規則之主要條款概要載於本通函附錄二
「聯交所」	指	香港聯合交易所有限公司
「認購價」	指	承授人根據購股權計劃條款行使購股權時可認購股份之每股股份價格

## 釋 義

「附屬公司」	指	當時及不時之附屬公司 (定義見公司條例或上市規則)
「主要股東」	指	按上市規則所界定之涵義
「收購守則」	指	香港公司收購及合併守則
「港元」	指	香港法定貨幣
「%」	指	百分比



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)

執行董事:

鄧燾 (主席)

趙卓英

黃耀明

甄榮輝

李天來

註冊辦事處:

香港

新界

青衣島

青衣路29-33號

大同工業大廈8字樓

非執行董事:

鄧焜 (榮譽主席)

何志奇 (副主席)

簡衛華

獨立非執行董事:

梁尚立

葉慶輝

楊淑芬

敬啟者

建議有關購回股份及發行股份  
之一般授權  
採納購股權計劃  
及  
重選董事

緒言

本通函旨在向閣下提供有關購回股份及發行股份之一般授權建議、採納購股權計劃建議及重選董事建議之資料，並徵求閣下在股東週年大會上批准有關上述事項之普通決議案。

### 購回股份之一般授權

於股東週年大會上，本公司將提呈一項授予董事一般授權之普通決議案，其詳情載於第5項普通決議案。

根據上市規則，本公司向股東提供說明函件，當中載有所有合理所需之資料，旨在令股東得就投票贊成或反對載於本通函附錄一批准購回授權之決議案，可作出知情之決定。

### 發行股份之一般授權

本公司將於股東週年大會上提呈一項普通決議案，以授予董事發行授權，其詳情載於第6項普通決議案。

此外，本公司將提呈一項普通決議案，以擴大發行授權，增加發行授權限額至包括根據購回授權購回股份之數目。有關擴大發行授權詳情載於第7項普通決議案。

### 採納購股權計劃

本公司為了獲得一個靈活方式向參與者提供鼓勵、獎勵、酬金、補償及／或提供利益，作為彼等對本集團作出或將會作出貢獻之回報，及就董事會不時批准之其他目的，董事會建議在股東週年大會上批准及採納有關參與者之購股權計劃。

於股東週年大會上，本公司將提呈一項普通決議案，批准及採納購股權計劃。購股權計劃規則主要條款之概要載本通函附錄二。待完成所有載於下文(a)分段之先決條件後，購股權計劃將於股東週年大會上在獲採納當日起生效。

#### (a) 購股權計劃之先決條件

待以下條件達成後，購股權計劃將予生效：

- (i) 股東通過一項普通決議案批准採納購股權計劃，並授權董事授出購股權以認購股份，以及根據購股權計劃授出任何購股權獲行使而配發及發行股份；及

## 董事會函件

- (ii) 聯交所上市委員會批准根據購股權計劃行使購股權時而發行之任何股份上市及買賣。

待上述條件達成後，董事會將有權向參與者授予可認購股份之購股權，所認購之股份與根據本公司其他購股權計劃認購之股份合共不得超逾購股權計劃通過日期之已發行股份總數之10%，除非本公司經股東另行批准更新10%上限。因行使所有根據購股權計劃及本公司任何其他購股權計劃已授出而尚未行使之購股權可發行的股份總數，不得超過本公司不時已發行股本之30%。

於最後實際可行日期，本公司已發行股本為706,228,857股股份。假設已發行股本自最後實際可行日期至接納日期並無變動，則在接納日期根據購股權計劃可發行股份的數目將為70,622,885股，即本公司於最後實際可行日期的已發行股本總數之10%。

本公司將向聯交所申請批准根據購股權計劃授出購股權獲行使而發行之股份。

一旦購股權計劃獲接納後，除根據購股權計劃現有條款自動生效之更改外，購股權計劃之條款及條件之任何重大修訂或對已授出購股權之條款之修訂，則必須經股東批准。

### (b) 購股權計劃條款說明

閣下請參閱本通函附錄二所載購股權計劃規則主要條款之概要。根據購股權計劃的條款可靈活向參與者授出購股權，特別是基於公平釐定購股權之認購價的情況下，該等參與者可在購股權期間隨時行使購股權而獲利或享有本公司的擁有權，從而進一步鼓勵參與者為本公司提供更佳服務。

### (c) 購股權之價值

鑒於購股權計劃尚未獲股東批准，董事會尚未釐定根據購股權計劃授出購股權之時限及任何承授人於行使購股權時可供認購之股份數目。因此，董事會認為現時於本通函內載列購股權之價值仍言之尚早，且並不恰當。董事會亦認為評估所有

## 董事會函件

可於最後實際可行日期根據購股權計劃授出之購股權的價格乃不適當，因該等價值需根據多項猜測性的假設而計算，如行使價、行使期限及其他變數（均為難於猜測者），該等價值對股東而言並無意義，亦可能會誤導股東。

### 擬膺選連任之董事

董事會現時由11名董事組成，即鄧燾先生（主席）、趙卓英先生、黃耀明先生、甄榮輝先生、李天來先生、鄧焜先生（榮譽主席）、何志奇先生（副主席）、簡衛華先生、梁尚立先生、葉慶輝先生及楊淑芬小姐。

根據本公司組織章程細則第94及103條，黃耀明先生、梁尚立先生、葉慶輝先生及楊淑芬小姐將告退任，惟彼等合資格並願膺選連任。有關擬於股東週年大會上膺選連任之退任董事，根據上市規則而須予披露之詳情載於本通函附錄三。

### 股東週年大會

於股東週年大會上，本公司將提呈普通決議案，以批准購回授權、發行授權、擴大發行授權、採納購股權計劃及重選退任董事。股東週年大會通告載於本通函之第27至31頁。

適用於股東週年大會之代表委任表格隨函附奉。無論閣下能否出席股東週年大會，務請盡快將代表委任表格按其列印之指示填妥，並無論如何不遲於股東週年大會或其任何續會指定舉行時間48小時前交回本公司之註冊辦事處。於填妥及交回代表委任表格後，閣下屆時仍可出席股東週年大會或其任何續會，並於會上投票。

### 要求投票表決之權利

根據本公司組織章程細則第74條，在任何股東大會上提呈表決之決議案將以舉手方式表決，除非根據上市規則或任何其他適用法律、法規或規則不時規定投票表決或除非在宣佈舉手表決結果當時或之前或在撤回任何其他投票表決要求時，下列人士要求投票表決，則另作別論：

- (i) 大會主席；

## 董事會函件

- (ii) 至少三名親身出席或委派受委代表出席且當時有權於會上投票之股東；或
- (iii) 任何一名或多名親身出席或委派受委代表出席且代表不少於全體有權在會上投票之股東十分之一投票權總額之股東；或
- (iv) 任何一名或多名親身出席或委派受委代表出席並持有獲賦予有關會議投票權利之本公司股份之股東，惟該等股份之實繳股款總額須不少於全部獲賦予該項權利之股份實繳股款總額十分之一。

於舉手表決時，每位親身出席會議之股份持有人（即個別人士）或根據公司條例第115條獲正式授權代表出席會議之股份持有人（即公司）均只能投一票。投票表決時，每位親身出席或委派受委代表出席會議之股東均可就所持之每股股份投一票。投票表決時，有權投一票以上之股東毋須（倘投票）盡投其票或以同一方式盡投其票。

### 責任聲明

本通函之資料乃遵照上市規則而刊載，旨在提供有關本集團之資料。各董事願就本通函所載資料之準確性共同及個別承擔全部責任，並在作出一切合理查詢後，確認就其所知及所信，本通函並無遺漏任何事實，足以令致本通函的內容產生誤導。

### 備查文件

購股權計劃由股東週年大會之前14天內之一般辦公時間內可於本公司之註冊辦事處及在股東特別大會上，以供查閱。

### 推薦建議

董事認為，授予購回授權、發行授權、擴大發行授權、採納購股權計劃及重選退任董事乃符合本公司及股東之整體最佳利益。此外，董事建議全體股東投票贊成將於股東週年大會上提呈之決議案。

## 董事會函件

### 額外資料

閣下務請留意本通函附錄一所載之說明函件，該說明函件按照上市規則之規定，提供有關購回授權之必要資料。

### 一般事項

本通函之中文譯本僅供參考。本通函之英文本如與中文譯本有任何歧異，概以英文本為準。

此致

列位股東 台照

承董事會命  
主席  
鄧燾  
謹啟

二零零五年四月二十九日

以下乃根據上市規則之規定而作出之說明函件，向閣下提供有關購回授權之必要資料，以供參考。

就本附錄而言，「股份」一詞應根據香港股份購回守則之涵義，即為所有類別之股份及附有權利認購或購入股份之股份。

說明函件亦構成按公司條例第49BA(3)(b)條所規定之備忘錄。

## 1. 上市規則

上市規則准許以聯交所作為第一上市地之公司在聯交所購回其已繳足股份，惟須受若干限制，其中包括但不限於下列各項：

### (a) 股東批准

上市規則規定以聯交所作為第一上市地之公司在市場購回股份須事先經由普通決議案（以特定交易作出之特別批准或給予本公司董事一般性授權行使該項購回之方式）批准。

### (b) 資金來源

購回股份所需款項必須撥付自依照公司組織文件及公司之註冊或成立所在地所屬司法管轄區法例可合法用於此用途之資金。

## 2. 股本

於最後實際可行日期，本公司之已發行股本為706,228,857股股份。

待於股東週年大會通過批准購回授權之普通決議案後，且按照股東週年大會舉行前並無再發行或購回股份之基準，本公司根據購回授權獲准購回最多70,622,885股股份，相當於最後實際可行日期本公司已發行股本之10%。

## 3. 購回之理由

董事相信，購回授權乃符合本公司及股東之最佳利益。購回股份（視乎當時市場情況或融資安排而定）可提高資產淨值及／或每股股份盈利，並僅於董事認為該等購回將對本公司及股東有利時方予進行。

#### 4. 進行購回之資金

本公司只可動用根據本公司之組織章程大綱及章程細則與公司條例之規定可合法用於此用途之資金購回股份。公司條例規定，因購回股份而須償還之資本只可根據公司條例容許之程度以本公司之可供分派溢利及／或就購回用途而發行新股份所得款項中支付。公司條例亦規定，於購回時應付之溢價款額僅可以本公司之可供分派溢利撥付。倘購回股份乃以溢價發行，購回應付之任何溢價僅可以就股份購回發行新股份所得款項撥付，並須以公司條例所訂明之若干限額為限。

倘於建議購回期間任何時間內全面行使購回授權，此舉或會對本公司之營運資金或資本負債比率有重大不利影響（相對本公司於截至二零零四年十二月三十一日止年度年報內所載之經審核綜合帳目所披露之財政狀況而言）。然而，董事倘認為購回授權對本公司所需營運資金或董事不時認為適當之資本負債比率有任何重大不利影響時，將不擬行使該購回授權。

#### 5. 股份價格

股份於最後實際可行日期前十二個月在聯交所錄得每個月之最高及最低成交價如下：

	股份價格	
	最高 港元	最低 港元
二零零四年四月	0.409	0.273
二零零四年五月	0.355	0.273
二零零四年六月	0.300	0.236
二零零四年七月	0.327	0.255
二零零四年八月	0.364	0.268
二零零四年九月	0.391	0.318
二零零四年十月	0.430	0.370
二零零四年十一月	0.400	0.350
二零零四年十二月	0.390	0.350
二零零五年一月	0.410	0.360
二零零五年二月	0.430	0.385
二零零五年三月	0.435	0.395
二零零五年四月（直至最後實際可行日期）	0.510	0.400

## 6. 一般事項

董事已向聯交所承諾，彼等將（在適用情況下）遵照上市規則、公司條例及其他香港適用法例之規定，根據購回授權行使本公司之權力購回股份。

倘根據購回授權行使購回股份權力時，股東在本公司所佔之投票權權益比例有所增加，則就收購守則第32條而言，該項權益比例之增加將會被視為一項收購行動。一位股東或一致行動之多位股東因此而可取得或鞏固其於本公司之控制權，並須根據收購守則第26及32條之規定作出強制性收購建議。

於最後實際可行日期，大同機械（控股）有限公司連同其聯繫人士實益擁有297,095,052股股份，佔本公司已發行股本42.07%。倘該持股量維持不變及倘若董事根據購回授權全面行使權力購回股份，則大同機械（控股）有限公司在本公司連同其聯繫人士擁有之股權將增加至約佔本公司已發行股本之46.74%。該項增加將引致根據收購守則第26條及32條提出強制性收購建議之責任。華潤（集團）有限公司實益擁有169,649,047股股份，佔本公司已發行股本24.02%。倘該持股量維持不變及倘若董事根據購回授權全面行使權力購回股份，則華潤（集團）有限公司在本公司擁有之股權將增加至約佔本公司已發行股本之26.69%。該項增加將不會引致根據收購守則第26條及32條提出強制性收購建議之責任。董事（就彼等作出一切合理查詢後所深知）並不知悉於最後實際可行日期有任何建議須行使購回授權而可能引致須根據收購守則提出強制性收購建議。本公司不會進行任何購回股份事宜致使公眾持有之股份數目降至低於25%。

董事或（就彼等作出一切合理查詢後所深知）彼等之聯繫人士目前概無意在該購回授權獲股東批准後，根據購回授權將任何股份售予本公司。

並無關連人士知會本公司，表示倘購回授權獲股東批准，彼等目前有意出售股份予本公司，或承諾不會出售股份予本公司。

## 7. 本公司進行之購回股份事項

在最後實際可行日期前六個月內，本公司概無購回任何股份（不論是否在聯交所進行）。

以下為購股權計劃規則主要條款之概要，其並不構成或擬構成購股權計劃規則之一部分，且不該視作為影響購股權計劃規則之詮釋。董事保留權利於召開股東週年大會前對購股權計劃作出彼等認為需要或合適之該等修訂，惟該等之修訂不得對本附錄二之概要造成任何重大方面之衝突。

### 1. 購股權計劃之目的

購股權計劃之目的在於為本公司提靈活之方式，就參與者對本集團所作出之貢獻及／或潛在貢獻，及就董事會可能不時批准之其他該等目的，向彼等提供獎勵、報酬、賠償及／或提供福利以作激勵。

### 2. 參與者資格之基準

董事會或會按其酌情權邀請任何參與者接納購股權，按下文第6段所釐定之價格認購股份。

在釐定各參與者資格之基準時，董事會會考慮其酌情認為合適之該等因素。

### 3. 條件

購股權計劃須待股東通過普通決議案批准採納購股權計劃後及授權董事授出購股權認購據此而發行之股份，並行使根據購股權計劃授出之任何購股權配發及發行股份，及待聯交所上市委員會批准因行使根據購股權計劃項下之購股權而將予發行之任何股份上市及買賣後方告生效。

### 4. 期限及管理

4.1 待上文第3段所述之條件及下文第16段所述之終止條文達成後，購股權計劃方告有效及生效，自採納日期起計為期十年，此期間之後再不會進一步發行購股權，惟在所有其他方面購股權計劃之條文仍具有十足效力及作用，於購股權計劃尚餘之有效期授出之購股權，可繼續按照彼等發行之條款行使。

4.2 購股權計劃須受董事會之管理，董事會之決定（除非購股權計劃另有規定外）為最終之決定，並對所有人士均具約束力。

4.3 在不抵觸遵照上市規則及購股權計劃條文之規定下，董事會有權(i)詮釋及解釋購股權計劃之條文；(ii)決定可根據購股權計劃獲授購股權之人士；(iii)釐定認購價；(iv)其認為需要根據購股權計劃所授購股權條款作出該等合適及公平之調整；及(v)就購股權計劃之管理作出其認為合適之該等其他決定、斷定或規管。

## 5. 授予購股權

5.1 在根據及不抵觸購股權條款之情況下，董事會有權於採納日期後十年內之任何時間在任何營業日向任何參與者提出要約，可按其絕對酌情權，選擇認購董事會可能（根據下文第9段及第10段）按認購價釐定該等股份之數目。

5.2 在股價敏感事件發生後，或已就股價敏感事項作出決定時，不得提出授出購股權之要約，直至該等股價敏感資料已遵照上市規則刊發公佈，尤其是以下兩者中較早發生者之前一個月開始：(i)董事會為通過本公司任何年度、半年度或季度或任何其他中期業績（不論是否根據上市規則之規定）而舉行之董事會會議之日期（即本公司按照上市規則規定最先通知聯交所之日期）；及(ii)本公司根據上市協議規定須刊發任何年度或半年度業績，或委度業績或任何其他中期業績（不論是否根據上市規則之規定）公佈之期限，至公佈業績當日止之期間內，不得授出購股權。

5.3 向參與者提出要約須以董事會可能不時釐定信件（「要約信件」）之形式進行，當中註明在購股權項下之股份數目及購股權期間，以及要求參與者按照將予獲受購股權之條款持有購股權，須受購股權計劃之條文

所約束，並讓參與者於要約日期起計二十八日期間（包括首尾兩日）認購，惟於採納日期接受認購起計十週年之後或於購股權計劃根據購股權計劃之條文予以終止之後（以較早者為準）不得進行任何該等要約。

- 5.4 要約乃被視為必須由承授人接納（而要約所涉及之購股權乃被視為於要約日期時已被授出及認購），當要約信件之副本包含要約之接納，並由承授人正式簽署，連同就獲授有關之購股權給予本公司1.00港元代價之匯款獲本公司於上文第5.3分段所訂明之期間內接受，則該匯款於任何情況下不得退回。
- 5.5 任何要約或會接納認購少於要約所提呈之股份數目，惟僅接受於聯交所大批買賣股份或按該數目完整倍數之買賣。倘要約並非於上文第5.4分段所訂明之期間內及方式接受，將被視為不可撤回的拒絕。
- 5.6 根據購股權計劃之條文及上市規則，董事會或會按其認為適當之絕對酌情權於作出要約時就有關之購股權施加任何條件、約束或限制。

## 6. 認購價

受根據下文第11段作出任何調整之規限下，就因行使根據購股權計劃而授出之購股權發行之每股股份之行使價僅為由董事會所釐定之價格，並通知參與者，有關價格最少須為下列三者之較高者：

- (a) 於要約日期（必須為營業日）聯交所每日報價表所示股份之收市價；
- (b) 緊接要約日期前五個營業日聯交所每日報價表所示股份之平均收市價；
- (c) 股份之面值。

## 7. 購股權之行使

- 7.1 購股權僅屬承授人個人擁有，不可出讓或轉讓。承授人在任何情況下均不得出售、轉讓、抵押、按揭、留置或增設任何權益（不論是否合法權益

或實益權益)致使任何第三方受惠,或就任何購股權或訂立任何協議作出該等行為。承授人如違反任何上文所述者,該承授人所有未履行之購股權將根據下文第8(h)分段自動註銷。

7.2 除非於要約時董事會另有決定及要約信件另有訂明,於承授人可行使購股權之前並無任何工作表現目標須予以達成,或購股權可獲行使前購股權任何最短持有期之限制。任何購股權獲悉數或部分行使,須按照要約信件及本分段7.2承授人按本公司發出書面通知之形式,說明購股權獲行使及所獲行使股份之數目,惟倘當時之承授人行使之購股權股份之數目少於所有可行使購股權股份之總數,則必須為於聯交所大手買賣股份之整數倍數。各有關之通知須連同就所發出之通知股份認購總認購價全數之匯款。根據下文第12段,於收到通知及匯款及(倘適用)根據下文第11段收到核數師證書後之28日內,本公司須向承授人配發入賬為繳足之相關股份,並就所配發之股份向承授人發出股票。

7.3 因行使購股權將予配發之股份將須受本公司於當時生效之公司組織章程細則之一切條文所規限,並在任何之情況下與配發及發行當日之已發行繳足股份享有同地位,並據此致使持有人有權於配發及發行日期或之後派付或派發之所有股息或其他分派,惟不包括於配發及發行日期前所宣派或建議或決議派付或派發之所有股息或其他分派。

## 8. 購股權失效

購股權宣告失效及不可行使(以未獲行使者為限)(以下列較早者為準):

- (a) 購股權期間屆滿;
- (b) 以購併方式向所有股份持有人(或所有該等除收購人及/或由收購人控制之任何人士及/或與收購人協作或行動一致之人士)提出一般收

購之日期（不包括根據下文第8(c)分段以安排計劃之方式）成為或宣佈為無條件之日期；

- (c) 於所需會議中經所需數目之股份持有人批准所有股份持有人作出安排計劃以一般收購方式收購之日期；
- (d) 於本公司向承授人發出通知，本公司及其股東或債權人作出妥協或安排，建議就本公司之重組計劃或與任何其他公司合併（不包括根據上文第8(c)分段以安排計劃之方式進行一般收購）之日期；
- (e) 承授人身故之日期；
- (f) 承授人不再為參與者之日期；
- (g) 於本公司向承授人發出通知，告知本公司已向其股東發出召開股東大會之通知，以省覽及酌情通過決議案本公司自願清盤（不包括重組、合併或安排計劃）之日期；
- (h) 承授人違反上文第7.1分段之日期；
- (i) 誠如下文第15段所述由董事會註銷購股權之日期；或
- (j) 上文第3後所述之任何條件未能達成。

就根據本第8段任何購股權之失效而言，本公司對任何承授人承並無負債。

## 9. 可供認購股份之最高數目

### 9.1 根據下文第9.2分段：

- (a) 因行使根據購股權計劃及本公司任何其他購股權計劃將予授出之所有購股權而可能發行之股份總數不得超過於要約日期已發行股份總數之10%，惟本公司根據下交第9.1(b)分段取得其股東之

批准則除外。根據其條款或任何其他購股權計劃之條款失效之購股權，將不計入為該10%之限額內。

- (b) 本公司可於股東大會上尋求股東批准更新第9.1(a)分段所述10%之限額，惟根據購股權計劃及本公司任何其他購股權計劃授出之所有購股權獲行使而可予發行之股份總數，不得超過於批准更新限額當日本公司已發行股份之10%，而就計算限額而言，先前已授出之購股權（包括根據購股權計劃及本公司任何其他購股權計劃尚未行使、已註銷、已失效或已行使之購股權）將不計算在內。在此情況下，本公司須向股東寄發通函，載述所有有關上市規則要求披露之資料。
- (c) 本公司可向於股東大會上尋求股東批准，向尋求該批准前本公司特別指定的參與者授出超逾10%之限額，惟超出有關限額之購股權僅可於有關批准獲尋求前向本公司特別識別之參與者授出。在此情況下，本公司須向股東寄發通函，載述（其中包括）可能獲授該等購股權之指定承授人的一般描述、將授出購股權之數目及條款、授出該等購股權予承授人之目的，並說明購股權條款如何達至該目的，及上市規則規定之該等資料。

9.2 儘管上文第9.1段有任何條文之規定，且根據下文第11段，於行使所有已授出未獲行使購股權及根據購股權計劃及本公司任何其他購股權計劃未獲行使之購股權可能發行股份數目之限額不得超過不時已發行股份之30%。倘會導致超過該限額，則可能不會根據購股權計劃及本公司任何其他購股權計劃授出任何購股權。

## 10. 每位參與者之最高配額

10.1 (a) 根據下文第10.1(b)段，因行使根據向各參與者授出之購股權（包

括已行使及尚未行使之購股權)而發行及將予發行股份之總數,在任何十二個月內不得超過已發行股份總數之1%。

- (b) 儘管上文第10.1(a)段之規定,於任何十二個月期間內,因根據購股權計劃及本公司任何其他購股權計劃授出之購股權(包括已行使、註銷及尚未行使之購股權)獲行使而須予發行予每位參與者之股份總數,合共不得超過本公司已發行股本之1%〔個人限額〕。倘在截至進一步授出購股權當日(包括該日)止的任何十二個月內,進一步授出之購股權超過個人限額,則本公司須向股東寄發通函並於股東大會上尋求股東批准,而有關參與者及其聯繫人士須放棄投票。該通函須披露參與者的身份、將授予或先前已授予該參與者之購股權之數目及條款,及上市規則規定之資料。將授予上述參與者之購股權之數目及條款(包括行使價格),須於獲股東批准前釐定,而就計算認購價格而言,就建議進一步授出購股權而召開的董事局會議之日期應視作授出購股權日期。在此情況下,本公司須向股東寄發通函,載述(其中包括)可能獲授該等購股權之指定承授人的一般描述、將授出購股權之數目及條款(及以前授予該參與者之購股權)及上市規則規定之該等其他資料。
- (c) 除上文第9段及第10.1(a)及10.1(b)分段外,授予參與者(身為董事、主要行人員或主要股東或彼等各自之聯繫人士)購股權之前,必須先取得獨立非執行董事(不包括身為承授人之獨立非執行董事)之批准。
- (d) 除上文第9段及第10.1(a)及10.1(b)分段外,倘董事會建議授予參與者(身為主要股東或獨立非執行董事,或彼等各自之任何聯繫人士)任何購股權,將會導致獲授購股權當日止十二個月期間內,因行使根據購股權計劃及本公司任何其他購股權計劃已授出及將授出之全部購股權(包括已行使、已註銷及尚未行使之購股權)而已發行股份及將發行股份:
- (i) 合共超過已發行股份總數之0.1%;及

- (ii) 按每次授出購股權當日之股份收市價計算之總值超逾5,000,000港元，

則該等建議授出購股權必須獲得股東於股東大會上批准。在此情況下，本公司須向股東寄發通函，當中載有上市規則所規定之所有有關條款。本公司之所有關連人士必須於該股東大會上投票贊成。會上有關是否通過授出購股權之任何表決，均須以票數表決方式進行，且必須遵照上市規則之適用規定。

10.2 根據上文第9.1、9.2及10.1分段，倘本公司之資本結構不論是否以資本化發行、供股、合併、拆細或削減本公司之股本或以其方式（因發行股份作為交易之代價除外）而出現任何變動，上文第9.1、9.2及10.1分段所指股份之最高數目，將會以獨立財務顧問或核數師（擔任專家而並非仲裁人）向董事書面確認公平合理之方式予以調整。

## 11. 資本結構之重組

倘在任何購股權可行使之情況下，本公司之資本結構有任何變動（不論是否以資本化發行、供股、拆細、合併或削減本公司之股本形式或根據聯交所之適用法律規定及規定（不包括本公司股本結構因發行股份作為本公司交易之代價而有任何變動）以其他方代式）本公司須就以下項目作出相應修訂（如有）：

- (i) 截至當日尚未行使之購股權所涉及之股份數目；
- (ii) 認購價；及／或
- (iii) 行使購股權之方式（如適用），

而本公司就此委聘獨立財務顧問或核數師須應董事會之要求以書面證明，彼等認為有關修訂整體而言或就任何個別承授人而言屬公平合理，及任何有關修訂須符合上市規則第17.03(13)條附註所載規定，以及給予承授人盡可能接近承授人先前獲授本公司已發行股本之同樣比例，惟有關修訂不得使股份少

於其面值。本段獨立財務顧問或核數師之職責為專家，而非仲裁人，而彼等發出之證書（在並無明顯錯誤之情況下）為最終證明，且對本公司及承授人具有約束力。獨立財務顧問或核數師之費用概由本公司承擔。

## 12. 股本

行使購股權須獲得股東於有關批准任何有必要增加本公司法定股本之股東大會上批准。據此，董事會須準備足夠之本公司法定但未發行股本，以符合行使股權之持續規定。

## 13. 爭議

任何就購股權計劃所產生之爭議（不論有關購股權所涉及之股份數目、認購價或其他事宜），須由核數師或本公司委任之獨立財務顧問作出決定，彼等之責任為專家，而非仲裁人，而彼等之決定為最終決定且具約束力。

## 14. 購股權之變動

14.1 購股權在任何方面之條文可能經董事會以決議案方式修訂，惟下列購股權之條文除外：

- (a) 上文購股權計劃第1.1分段「承授人」、「要約期間」及「參與者」之釋義；
- (b) 上文第4.1、5.1、5.2、5.3、6、7、8、9、10、11段及分段及本第14段；及
- (c) 上市規則第17.03條所載所有其他事項

除事先獲得股東於股東大會上批准外，條文不得以參與者之利益修訂，惟該修訂不得對於該修訂前所授予或同意授予任何購股權之發行條款產生不利影響，除非應股東根據本公司當時之公司章程就股份所附帶修訂之權利可能要求受影響承授人得到其大多數同意或批准，則另當別論。

- 14.2 購股權計劃之條款及條件有任何重大修訂或授出之購股權之條款有任何變更，須經股東在股東大會上批准，惟根據購股權計劃之現有條款自動修訂者則除外。
- 14.3 購股權計劃或購股權之經修訂條款必須遵照上市規則第17章之有關規定。
- 14.4 董事或計劃管理人對修訂購股權計劃之條款之權力有任何變更，須經股東在股東大會上批准。

## 15. 註銷已授出之購股權

在有關承授人之同意下，董事會可隨時絕對酌情註銷任何已授出但未行使之購股權。倘本公司註銷購股權及向同一購股權持有人作授出新購股權之要約，則該等新購股權只可根據購股權計劃可動用之購股權（只限於尚未授出及不包括已註銷購股權），在上文第9段所述股東批准之範圍內作授出之要約。

## 16. 終止購股權計劃

本公司可藉於股東大會上通過決議案或董事會可隨時終止購股權計劃，而在此情況下將不能再授出任何購股權，惟購股權計劃之條款在所有其他方面繼續有效。

以下為擬於二零零五年五月三十日召開之股東週年大會上輪席告退及膺選連任董事之資料：

#### 黃耀明先生

黃耀明先生，執行董事，現年51歲，具21年以上銷售、市場推廣及行政管理經驗。黃先生於一九八二年加入本集團。彼持有工程學理學士學位及工商管理碩士學位。黃先生於一九九九年二月一日獲委任為本公司總經理，負責本集團策劃及行政管理。

黃先生於過往三年內並無於其他上市公司擔任董事。黃先生與本公司任何其他董事、高級管理人員、主要股東或控股股東並無任何關係。於最後實際可行日期，根據證券及期貨條例第XV部，黃先生持有9,696,072股股份之權益。

黃先生並非就指定年期獲委任，惟須根據本公司之組織章程細則輪值告退及膺選連任。黃先生於截至二零零四年十二月三十一日止年度所收取之酬金為2,937,319港元，該酬金乃參考本公司之業績表現及盈利能力、業內酬金指標及現行市況釐定。

董事並不知悉有任何有關黃耀明先生重選為執行董事之其他事項須向股東交代。

#### 梁尚立先生

梁尚立先生，獨立非執行董事，現年85歲，肄業於廣東大學。自一九八八年開始出任本公司獨立非執行董事。梁先生是中華全國工商業聯合會及廣州信託投資公司之榮譽副主席及中華全國政協委員會原常務委員。彼亦為廣東省工商業聯合會及廣州市工商業聯合會之榮譽會長。

梁先生於過往三年內並無於其他上市公司擔任董事。梁先生與本公司任何其他董事、高級管理人員、主要股東或控股股東並無任何關係。於最後實際可行日期，根據證券及期貨條例第XV部，梁先生並無持有股份之任何權益。

本公司與梁先生概無訂立服務合約，彼亦無就特定年期獲委任，惟須根據本公司之組織章程細則輪值告退及膺選連任。概無就梁先生之袍金訂立協議，其董事袍金乃參考本公司之業績表現及盈利能力、業內酬金指標及現行市況釐定。

董事並不知悉有任何有關梁尚立先生重選為獨立非執行董事之其他事項須向股東交代。

### 葉慶輝先生

葉慶輝先生，獨立非執行董事，現年71歲，為香港註冊視光師，葉先生為香港眼科慈善基金有限公司主席、香港光學會有限公司前主席、香港隱形眼鏡學會有限公司前主席及永遠榮譽主席。葉先生於一九九四年八月獲委任為本公司獨立非執行董事。

葉先生於過往三年內並無於其他上市公司擔任董事。葉先生與本公司任何其他董事、高級管理人員、主要股東或控股股東並無任何關係。於最後實際可行日期，根據證券及期貨條例第XV部，葉先生並無持有股份之任何權益。

本公司與葉先生概無訂立服務合約，彼亦無就特定年期獲委任，惟須根據本公司之組織章程細則輪值告退及膺選連任。概無就葉先生之袍金訂立協議，其董事袍金乃參考本公司之業績表現及盈利能力、業內酬金指標及現行市況釐定。

董事並不知悉有任何有關葉慶輝先生重選為獨立非執行董事之其他事項須向股東交代。

### 楊淑芬小姐

楊淑芬小姐，獨立非執行董事，現年39歲，於財務範疇擁有十五年經驗，並持有工商管理碩士學位。彼為美國註冊會計師協會會員及英國特許秘書及行政人員公會會士。在過去十年，楊小姐曾出任多家私人集團公司之財務總監及財務經理。楊小姐自二零零四年六月以來一直為本公司之獨立非執行董事。

楊小姐於過往三年內並無於其他上市公司擔任董事。楊小姐與本公司任何其他董事、高級管理人員、主要股東或控股股東並無任何關係。於最後實際可行日期，根據證券及期貨條例第XV部，楊小姐並無持有股份之任何權益。

本公司與楊小姐概無訂立服務合約，彼亦無就特定年期獲委任，惟須根據本公司之組織章程細則輪值告退及膺選連任。概無就楊小姐之袍金訂立協議，其董事袍金乃參考本公司之業績表現及盈利能力、業內酬金指標及現行市況釐定。

董事並不知悉有任何有關楊淑芬小姐重選為獨立非執行董事之其他事項須向股東交代。



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)

茲通告大同機械企業有限公司(「本公司」)謹定於二零零五年五月三十日(星期一)上午九時三十分假座香港九龍彌敦道20號香港喜來登酒店3樓唐廳I召開股東週年大會，以便處理下列事宜：—

1. 省覽本公司截至二零零四年十二月三十一日止年度之財務報告、董事會報告及核數師報告。
2. 宣派末期股息。
3. 重選退任董事及釐定董事袍金。
4. 續聘核數師及授權董事釐定其酬金。

作為特別事項，考慮及酌情通過下列決議案為本公司普通決議案(不論有否修訂)：

#### 普通決議案

5. 「動議：
  - (a) 在本決議案(b)段之規限下一般性及無條件批准本公司董事於有關期間(定義見下文)在香港聯合交易所有限公司(「聯交所」)或本公司證券可能上市而就此獲證券及期貨事務監察委員會及聯交所認可之任何其他證券交易所行使本公司所有權力購回本公司股本中之股份，並依據及按照不時經修訂之所有適用法例及／或聯交所證券上市規則或任何其他證券交易所之規定而進行；
  - (b) 本公司根據本決議案(a)段之批准可購回之股份面值總額不得超過本決議案獲通過當日本公司已發行股本面值總額之10%，而根據本決議案(a)段所獲之權限亦須受此限制；及

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(c) 就本決議案而言：—

「有關期間」乃指本決議案獲通過時至下列任何最早之日期為止之期間：—

- (i) 本公司下屆股東週年大會結束時；
- (ii) 本公司之組織章程細則或法例規定本公司須召開下屆股東週年大會之期限屆滿之日；及
- (iii) 本公司股東在股東大會上通過普通決議案撤銷或修改本決議案授予本公司董事之授權。」

6. 「動議：

- (a) 在本決議案(c)段之規限下及根據公司條例第57B條，一般性及無條件批准本公司董事於有關期間（定義見下文）內行使本公司之所有權力，以配發、發行及處理本公司股本中之額外股份，並作出或授予或需配發股份之售股建議、協議及期權（包括認股權證、債券、債權證、票據及其他附有權利可認購或轉換為本公司股份之證券）；
- (b) 本決議案(a)段之批准將授權本公司董事於有關期間內作出及授予或需於有關期間結束後配發股份之售股建議、協議及期權（包括認股權證、債券、債權證、票據及其他可認購或轉換為本公司股份之證券）；
- (c) 本公司董事依據本決議案(a)段之批准而配發或同意有條件或無條件配發或發行（不論是依據期權或其他原因）之股本面值總額（但不包括依據(i)供股（定義見下文）；或(ii)根據本公司發行且附有權利認購或可轉換為本公司股份之任何現有認股權證、債券、債權證、票據或其他證券所載條款行使認購權或換股權；或(iii)依據任何當時經採納為授予或發

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行本公司股份或購買本公司股份權利之股份認購計劃或類似安排而授出之期權獲行使；或(iv)依據本公司之組織章程細則就以股代息計劃或類似安排提供配發股份以代替就本公司股份派發之全部或部份股息)不得超過本決議案獲通過當日本公司已發行股本面值總額之20%，而上述批准亦須受此數額限制；及

(d) 就本決議案而言：—

「有關期間」乃指本決議案獲通過時至下列任何最早之日期為止之期間：—

- (i) 本公司下屆股東週年大會結束時；
- (ii) 本公司之組織章程細則或法例規定本公司須召開下屆股東週年大會之期限屆滿之日；及
- (iii) 本公司股東在股東大會上通過普通決議案撤銷或修改本決議案授予本公司董事之授權。」

「供股」乃指本公司董事於指定期間內，向於指定記錄日期名列本公司股東名冊之股份持有人（及，如適用，向本公司其他應獲授予之證券持有人）按彼等當時持有本公司股份之比例發出股份要約或發行期權、認股權證或其他有權認購本公司股份之證券（或，如適用，該等其他證券）（本公司董事有權在任何情況下就零碎配額或經顧及適用於本公司之任何地區法律或其任何認可管制機構或證券交易所之規定而產生之任何限制或責任後，作出其認為必須或權宜之豁免或其他安排）。」

7. 「動議：待召開本大會之通告所載之第5及6項決議案獲通過後，藉加入相當於本公司根據召開本大會之通告所載第5項決議案授予之權力購回本公司股本面值總額之數額，以擴大根據召開本大會之通告所載第6項決議案授予本公司董事行使本公司權力以配發、發行及處理本公司額外股份之一般性授權，惟該擴大數額不得超過於本決議案獲通過當日本公司已發行股本面值總額之10%。」

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### 8. 「動議」：

- (A) 待香港聯合交易所有限公司（「聯交所」）上市委員會批准因行使根據本公司購股權計劃（「購股權計劃」）（購股權計劃之規則已載於提呈本大會並由大會主席簽署以資識別註明「A」記號之文件）授予之購股權而將予發行之本公司股本中每股面值0.40港元之股份（「股份」）上市及買賣後，批准及採納購股權計劃，並授權本公司董事採取一切必需或適當之行動及訂立一切必需或適當之交易、安排及協議，使購股權計劃得以全面生效，其中包括（惟不限於）：
- (i) 執行購股權計劃，據此向購股權計劃規定之合資格參與者授出購股權，以認購股份；
  - (ii) 不時對購股權計劃作出改動及／或修訂，惟上述改動及／或修訂須按照購股權計劃內有關作出改動及／或修訂之條文進行；
  - (iii) 根據聯交所證券上市規則不時配發、發行及處理因行使購股權計劃項下之購股權而可能需予以發行之該等股份之數目；
  - (iv) 於適當時候向聯交所及本公司當時已發行股份上市所在之任何其他證券交易所申請批准於其後不時按購股權計劃授出之購股權獲行使而將予配發及發行之任何股份上市及買賣；及
  - (v) 倘若認為合適及權宜，同意有關機構對購股權計劃所規定或施加之條件、修訂及／或改動。

承董事會命  
主席  
鄧燾

香港，二零零五年四月二十九日

## 股東週年大會通告

註冊辦事處：

香港

新界

青衣島

青衣路29-33號

大同工業大廈八字樓

附註：

1. 凡有權出席上述大會並投票之本公司股東均有權委任一位或多位代表出席，並於投票表決時代其投票，受委代表毋須為本公司股東。
2. 代表委任表格連同授權簽署該表格之授權書或其他授權文件（如有），或經由公證人簽署證明之該等授權書或授權文件之副本，最遲須於大會或其續會或表決（視屬何情況而定）舉行時間四十八小時前送達本公司之註冊辦事處，地址為香港新界青衣島青衣路29-33號大同工業大廈八字樓，方為有效。
3. 本公司將於二零零五年五月二十四日至二零零五年五月三十日（包括首尾兩天）暫停辦理股東登記手續，期間本公司將不會辦理股份過戶登記。為享有末期股息之分派，所有過戶文件及有關股份證書最遲須於二零零五年五月二十三日下午四時前送交本公司之股份過戶登記處秘書商業服務有限公司，地址為香港灣仔告士打道56號東亞銀行港灣中心地下，方為有效。
4. 為方便處理本通告所述之第3、第5至第8項事宜，本公司將向股東寄發一份通函，載述擬進行之董事重選、購回股份及發行股份一般性授權及擬採納購股權計劃之詳情。有關通函將於二零零四年十二月三十一日連同本公司年報一併寄發。
5. 本通告將可分別於香港聯合交易所有限公司網站<http://www.hkex.com.hk>及本公司網站<http://www.cosmel.com>查閱。
6. 於本公布發表日期，本公司董事會包括執行董事鄧燾先生（主席）、趙卓英先生、黃耀明先生、甄榮輝先生及李天來先生；非執行董事鄧焜先生（榮譽主席）、何志奇先生（副主席）及簡衛華先生；及獨立非執行董事梁尚立先生、葉慶輝先生及楊淑芬小姐。



# 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)

### 股東週年大會(或其任何續會)適用之代表委任表格

本人／(吾等) (註一) \_\_\_\_\_，  
地址為 \_\_\_\_\_，  
為上述公司股本中每股面值0.40港元股份共 \_\_\_\_\_ 股 (註二) 之登記持有人  
茲委任 (註三) \_\_\_\_\_ 地址為 \_\_\_\_\_  
\_\_\_\_\_ 如其未克出席，  
則委任 (註三) \_\_\_\_\_ 地址為 \_\_\_\_\_  
\_\_\_\_\_ 或如其未克出席，  
則委任大會主席為本人／吾等之代表，代表本人／吾等出席本公司於二零零五年五月三十日(星期一)上午九時三十分假座香港九龍彌敦道20號香港喜來登酒店三樓唐廳I舉行之股東週年大會(或其任何續會)，並於投票表決時代表本人／吾等按下列指示投票，如未有該等指示，則由本人／吾等委任之代表酌情投票。

		贊成 (註四)	反對 (註四)
一、	省覽截至二零零四年十二月三十一日止年度經審核之財務報告、董事會報告及核數師報告。		
二、	宣派末期股息。		
三、	(a) 重選黃耀明先生連任董事。		
	(b) 重選梁尚立先生連任董事。		
	(c) 重選葉慶輝先生連任董事。		
	(d) 重選楊淑芬小姐連任董事。		
	(e) 授權董事會釐定董事袍金。		
四、	續聘核數師及授權董事會釐定其酬金。		
五、	授予董事可購回公司本身股份的一般性授權。		
六、	授予董事一般性授權以發行股份。		
七、	藉加入本公司購回之股份以擴大發行股份之一般性授權。		
八、	批准採納購股權計劃。		

日期： \_\_\_\_\_ 簽署 (註五)： \_\_\_\_\_

- 附註：
- 請用正楷填上姓名及地址。
  - 請填上以閣下名義登記之每股面值0.40港元股份數目。如未有填上股數，則本代表委任表格得被視為與所有以閣下名義登記之本公司股份有關。
  - 請填上擬委任之代表姓名及地址。如未有填上姓名，則大會主席將出任閣下之代表。
  - 注意：閣下如欲投票贊成決議案，請在選用之「贊成」欄內填上「✓」號，閣下如欲投票反對決議案，請在適用之「反對」欄內填上「✓」號。如無任何明確表示，則閣下之代表可自行酌情投票。閣下之代表亦有權酌情對召開大會之通告所載以外，並於會上適當提出之任何決議案投票。
  - 本代表委任表格必須由閣下或閣下之正式書面授權人簽署。如股東為一法人團體，則代表委任表格須另行加蓋公司印鑑，或經由公司負責人或正式授權人簽署。
  - 倘超過一位聯名持有人親自或委派代表出席大會，則在上述之人士中，只有在股東名冊內排名首位者方有權就有關之股份投票。
  - 本代表委任表格連同授權簽署本表格之授權書或其他授權文件(如有)或經由公證人簽署證明之授權書或授權文件副本，最遲須於大會或其任何續會舉行時間48小時前送達本公司之註冊辦事處，地址為香港新界青衣島青衣路29-33號大同工業大廈8字樓，方為有效。
  - 受委代表毋須為本公司之股東，但須親自出席大會以代表閣下。
  - 閣下填妥及交回代表委任表格後仍可出席大會或其任何續會及於會上投票。
  - 代表委任表格之任何更正，均須由簽署人簡簽認可。