

Cosmos Machinery Enterprises Limited (the “Company”)

Remuneration Committee – Terms of Reference

The remuneration committee of the Company (“Remuneration Committee”) was established in June, 2005 pursuant to the Code on Corporate Governance Practices which came into effective on 1st January, 2005.

1. Composition

- 1.1 Members of the Remuneration Committee shall be appointed by the board of directors of the Company (the “Board”) and the majority of the members (“Members”) of the Remuneration Committee shall be independent non-executive Directors.
- 1.2 The Chairman of the Remuneration Committee shall be nominated by the Board
- 1.3 The Remuneration Committee may invite any director, staff or external advisors or consultants to attend meeting as it may from time to time consider desirable to advise the members of Remuneration Committee.
- 1.4 The Company Secretary of the Company shall be the secretary of the Remuneration Committee.

2. Meetings

- 2.1 The Remuneration Committee shall meet at least once a year. Additional meeting shall be held as and when necessary.
- 2.2 The quorum of meeting shall be two members of the Remuneration Committee.
- 2.3 Proceedings of meetings of the Remuneration Committee shall be governed by the provisions of the Articles of Association of the Company.

3. Duties, Power and Functions:

The Remuneration Committee shall have the following responsibilities, powers and functions:-

- 3.1 To determine the policy for remuneration of Directors and to make recommendation with respect to the remuneration of the Executive Directors and the senior management of the Company for approval by the Board;
- 3.2 To oversee the performance of the Executive Directors;
- 3.3 To review the remuneration package and recommend salaries, bonuses, including the incentive awards for both Executive and Non-Executive Directors and the senior management.
- 3.4 To administer and make determinations with regard to the Company's share option scheme.
- 3.5 Have the delegated responsibility to determine the specific remuneration packages of all executive directors and senior management, including (but not limited to) benefits in kind, pension rights and compensation payments (such as compensation payable for loss or termination of their office or appointment), and make recommendations to the Board of the remuneration of non-executive Directors. The Remuneration Committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration.
- 3.6 Review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate.
- 3.7 To ensure that no Director or any of his associate is involved in deciding his own remuneration .For this purpose, the remuneration of any member of the Committee shall be determined by the Board.
- 3.8 To advise shareholders of the Company on how to vote with respect to any service contracts of Directors that require shareholders' approval under rule 13.68 or other rules(s) from time to time of the Listing Rules.

4. Authority

4.1 The Remuneration Committee shall consult the Chairman/or Chief Executive Officer about their proposal relating to the remuneration of other executive directors.

4.2 The Remuneration Committee is authorized by the Board to seek any remuneration related information it requires from senior management of the Company in order to perform its duties.

4.3 The Remuneration Committee is authorized by the Board where necessary to have access to professional advice; and

4.4 The Remuneration Committee shall be provided with sufficient resources to collect relevant external data, if required to discharge its duties.

5. Terms of Reference

The terms of reference will be reviewed on annual basis and as required.