



大同機械企業有限公司
COSMOS MACHINERY ENTERPRISES LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock Code: 118)

REMUNERATION COMMITTEE

TERMS OF REFERENCE

1. Constitution

- 1.1. The remuneration committee (the “**Remuneration Committee**”) of Cosmos Machinery Enterprises Limited (the “**Company**”) was established pursuant to a resolution of the board (the “**Board**”) of directors (the “**Directors**”) of the Company passed on 27 June 2005.

2. Membership

- 2.1. The members of the Remuneration Committee (the “**Members**”) shall be appointed by the Board and can be removed by the Board at its sole discretion.
- 2.2. The majority of the Members shall be independent non-executive Directors (“**INEDs**”).
- 2.3. The Board shall appoint the chairman of the Remuneration Committee who shall be an INED.

3. Secretary

- 3.1. The company secretary of the Company shall be the secretary of the Remuneration Committee.
- 3.2. The secretary, or in his/her absence, the Remuneration Committee may from time to time appoint any other person with appropriate qualification and experience as the secretary of the Remuneration Committee.

4. Proceedings of Meetings and Quorum

- 4.1. The Remuneration Committee shall meet at least once a year.
- 4.2. The quorum for decisions of the Remuneration Committee shall be any two Members, one of whom must be an INED.
- 4.3. The meetings and proceedings of the Remuneration Committee are governed by the provisions contained in the Company’s Articles of Association for regulating the proceedings of the Directors. However, notice of any meetings has to be given at least 14 days prior to any such meeting being held, unless all Members unanimously waive such notice. Irrespective of the length of notice being given, attendance of a meeting by a Member shall be deemed waiver of the requisite length of notice by the Member. Notice of any adjourned meeting is not required if adjournment is for less than 14 days.

- 4.4. Meetings could be held in person, by telephone, by video conference or through other electronic means of communication. Members may participate in a meeting by means of said conference or similar communications equipment by means of which all persons participating in the meeting are capable of hearing each other.
- 4.5. Minutes and resolutions in writing shall be kept by the secretary of the Remuneration Committee. Draft and final versions of minutes should be circulated to all Members for their comment and records respectively, in both cases within a reasonable period of time after the meeting. Minutes and resolutions in writing shall be made available for inspection on reasonable notice by any Directors.
- 4.6. Resolutions of the Remuneration Committee shall be passed by a majority of votes. Only Members are entitled to vote at a meeting.
- 4.7. A resolution in writing signed by all the Members shall be as valid and effectual as if it had been passed at a meeting of the Remuneration Committee duly convened and held.

5. Attendance at Meetings

- 5.1. The Remuneration Committee may invite any Director, external adviser or other person to attend all or part of any meeting.

6. Annual General Meeting

- 6.1. The chairman of the Remuneration Committee or in his/her absence, another Member or failing this, his/her duly appointed delegate, shall attend the annual general meeting of the Company and be prepared to answer questions at the annual general meeting on the Remuneration Committee's activities and their responsibilities.

7. Duties, Powers and Functions

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

- 7.1. to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- 7.2. to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- 7.3. to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- 7.4. to make recommendations to the Board on the remuneration of non-executive Directors (including INEDs);
- 7.5. in the determination of remuneration policy and packages, to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company and its subsidiaries;

- 7.6. to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- 7.7. to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- 7.8. to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration;
- 7.9. to review and/or approve matters relating to share schemes under Chapter 17 of The Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”);
- 7.10. to advise shareholders of the Company (the “**Shareholders**”) on how to vote with respect to any service contracts of the Directors that require Shareholders’ approval under Rule 13.68 of the Listing Rules; and
- 7.11. to do any such things to enable the Remuneration Committee to discharge its powers and functions conferred on it by the Board.

8. Reporting

- 8.1. The chairman of Remuneration Committee shall report to the Board regularly at next meeting of the Board following a meeting of the Remuneration Committee, on matters within its remit.

9. Authority

- 9.1. The Remuneration Committee shall consult the chairman of the Board and/or chief executive officer of the Company about its remuneration proposals for other executive Directors.
- 9.2. The Remuneration Committee is authorized by the Board to seek any remuneration related information it requires from management in order to perform its duties.
- 9.3. The Remuneration Committee is authorized by the Board to obtain outside independent professional advice, at the Company’s expenses to perform its duties.
- 9.4. The Remuneration Committee shall be provided with sufficient resources to perform its functions.

10. Publication of the Terms of Reference

- 10.1. The terms of reference is posted on the respective websites of the Company and Stock Exchange in order to explain its role and the authority delegated to it by the Board. A copy of the terms of reference will be made available to any person without charge upon request.

Revised on 30 March 2023

(The English version of the Policy shall prevail in case of any discrepancy or inconsistency between the English version and its Chinese version.)