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## **CHINA NEW ECONOMY FUND LIMITED**

### **REMUNERATION COMMITTEE**

#### **TERMS OF REFERENCE**

##### **1. CONSTITUTION**

Pursuant to the resolutions passed on 28 July 2010 by the Board of Directors of the Company (the “**Board**”), an Audit and Remuneration Committee (the “**Committee**”) was established and its terms of reference were adopted.

Pursuant to the meeting of the Board of Directors of the Company dated 20 December 2011, the Committee was split into the “Audit Committee” and “Remuneration Committee”. The Terms of Reference of the Remuneration Committee of the Company have been revised and approved by the Board on 21 December 2022.

##### **2. PURPOSE**

The Remuneration Committee’s remuneration review purposes include:

- 2.1 To review, recommend and determine remuneration issues and policies and packages for the Directors and the Senior Management of the Company;
- 2.2 To promote the adoption of good governance principles on remuneration issues and policies of the Company (the “**Remuneration Purpose**”).

##### **3. RESPONSIBILITIES**

The Remuneration Committee shall have the following remuneration responsibilities with a view to achieving the above Remuneration Purposes:

- 3.1 To make recommendations to the Board on the Company’s policy and structure for all remuneration of Directors and Senior Management and on the establishment of a formal and transparent procedure for developing policy on such remuneration.
- 3.2 To have the delegated responsibility to determine the specific remuneration packages of all Executive Directors and Senior Management, including benefits in kind, pension rights and compensation payments including compensation payable for loss or termination of their office or appointment. The Remuneration Committee should consult the Chairman and/or Chief Executive Officer (if any) of the Company about their proposals relating to the remuneration of other Executive Directors.

- 3.3 To make recommendations to the Board of the remuneration of Non-executive Directors.
- 3.4 In determining and recommending remuneration, to consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the Company and its subsidiaries and desirability of performance-based remuneration.
- 3.5 To review and approve performance-based remuneration by reference to corporate goals and objectives set by the Board from time to time.
- 3.6 To review and approve the compensation payable to Executive Directors and Senior Management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company.
- 3.7 To review and approve compensation arrangements relating to dismissal or removal of Directors and Senior Management 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.
- 3.8 To ensure that no Director or any of his associates is involved in deciding his own remuneration and that, as regards the remuneration of a Director who is a member of the Remuneration Committee, his remuneration should be determined by the other members of the Remuneration Committee.
- 3.9 To review and/or approve matters relating to share schemes adopted and/or regulated under Chapter 17 of the Listing Rules.
- 3.10 To address and deal with such other matters as may be delegated by the Board to the Remuneration Committee and report back to the Board on their decisions or recommendations.

#### **4. AUTHORITY**

- 4.1 The Remuneration Committee has unrestricted access to the Chairman, the Chief Executive Officer, the Authorised Auditors and senior management.
- 4.2 The members of the Remuneration Committee shall have access to the advice and services of the Company Secretary with a view to ensuring that procedures of the Remuneration Committee and all applicable rules and regulations are followed.

- 4.3 The members of the Remuneration Committee may upon reasonable request to the Chairman of the Remuneration Committee and the Chairman of the Company, seek outside legal or other independent professional advice at the Company's expense to assist them to discharge their duties to the Company.
- 4.4 The Remuneration Committee shall have access to sufficient resources in order to discharge its duties. In the event that the Remuneration Committee determines that it has insufficient resources, it may make a request for additional resources to the Board through the Company Secretary.

## **5. DISCLOSURE**

- 5.1 The Remuneration Committee shall report to the shareholders in the Company's Corporate Governance Report on the work performed during the year in discharging its responsibilities and duties.
- 5.2 Where the Board disagrees with the Remuneration Committee's views on the selection, appointment and resignation or dismissal of the Authorised Auditor, the Remuneration Committee shall prepare a statement, for inclusion in the Company's Corporate Governance Report, explaining its recommendations. The Board shall include in the same report the reason(s) why the Board takes a different view.

## **6. MEMBERS**

- 6.1 The members of the Remuneration Committee shall be appointed by the Board.
- 6.2 The majority of the members of the Remuneration Committee shall be Independent Non-executive Directors and at least one Independent Non-executive Director shall have the appropriate qualifications or expertise in financial management.
- 6.3 Chairman of the Remuneration Committee shall be appointed by the Board.
- 6.4 The Remuneration Committee shall consist of not less than three members.
- 6.5 A former partner of the Company's existing Authorised Auditors should be prohibited from acting as a member of the Remuneration Committee for a period of one year commencing on date of his ceasing:
- (i) to be a partner of the Authorised Auditors; or
  - (ii) to have any financial interest in the Authorised Auditors whichever is the later.
- 6.6 The Board may, from time to time, at their discretion, amend the terms of reference or adopt new terms of reference or change the composition of the members of the Remuneration Committee.

## **7. MEETING AND PROCEEDINGS**

- 7.1 Unless otherwise stated herein, the meetings are governed by the provisions contained in the Company's Articles of Association for regulating the meetings and proceedings of Directors.
- 7.2 Meetings of the Remuneration Committee shall be planned at the beginning of each financial year of the Company, and shall not be less than once a year. The Remuneration Committee shall also meet as and when necessary to discharge its duties at the request of any two members of the Remuneration Committee.
- 7.3 Executive Directors, the Authorised Auditors, management or other persons who are appropriate may be invited to attend particular meetings to answer specific points or concerns.
- 7.4 The quorum of a Remuneration Committee meeting shall be any two members of the Remuneration Committee one of whom must be Independent Non-executive Director.
- 7.5 Meeting could be held in person, by telephone or by video conference. Members of the Remuneration Committee may participate in a meeting by means of a conference telephone or similar communication equipment by means of which all persons participating in the meeting are capable of hearing each other.
- 7.6 A resolution in writing signed by all the members of the Remuneration Committee shall be as valid and effectual as if it had been passed at a meeting of the Remuneration Committee duly convened and held.
- 7.7 No member should have a role in determining his own compensation.

## **8. ANNUAL GENERAL MEETINGS**

- 8.1 The Chairman of the Remuneration Committee shall endeavour to attend the Annual General Meetings of the Company and be prepared to respond to any shareholder questions on the Remuneration Committee's activities.
- 8.2 If the Chairman of the Remuneration Committee is unable to attend an Annual General Meeting of the Company, he shall arrange for another member of the Remuneration Committee, or failing this, his duly appointed delegate, to attend in his place. Such person shall be prepared to respond to any shareholder questions on the Remuneration Committee's activities.

## 9. MINUTES AND RECORDS

- 9.1 Proper minutes of Remuneration Committee meetings shall be kept by the Company Secretary and shall be open for inspection by any Director at any reasonable time on reasonable notice by the Director.
- 9.2 Minutes of Remuneration Committee meetings shall record in sufficient detail the matters considered by the Remuneration Committee and decision reached, including any concerns raised by the Remuneration Committee members or dissenting views.
- 9.3 Draft and final versions of minutes of the Remuneration Committee shall be circulated to all members of the Remuneration Committee for their comment and records respectively, within a reasonable time after the meeting is held.

## 10. INCORPORATION OF AMENDMENTS TO THE LISTING RULES

- 10.1 These terms of reference have been prepared based on the Code on Corporate Governance Practices (the “**Code**”) in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) which came into effect on 1 January 2005.
- 10.2 To the extent that there are any relevant amendments to the Code or the Listing Rules after the date of adoption of these terms of reference which the Company is expected to comply with (the “**Relevant Amendments**”), the Company will make corresponding changes to these terms of reference as soon as reasonably practicable to incorporate the Relevant Amendments. Pending such change, the Relevant Amendments shall be deemed to have been incorporated into these terms of reference from the date on which they come into effect.
- 10.3 To the extent that there are any relevant amendments to the Code or the Listing Rules after the date of adoption of these terms of reference which are for the Company’s guidance only, such amendments shall only be incorporated into these terms of reference after they have been duly adopted by the Board.

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