



China New Energy Limited

(Incorporated in Jersey, Channel Islands with limited liability and carrying on business in Hong Kong as "Zhongke Tianyuan New Energy Limited")
(the "Company")

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE REVISED AND ADOPTED BY THE BOARD ON 30 DECEMBER 2022

- (a) The Remuneration Committee (the "**Committee**") shall be appointed by the board (the "**Board**") of directors (the "**Directors**") of the Company. The Committee shall consist of not less than three members, a majority of whom should be independent non-executive Directors (the "**INEDs**"). The terms of reference of the Committee shall comply with the requirements of the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") from time to time.
- (b) The chairman (the "**Chairman**") of the Committee shall be an INED and appointed by the Board.

1 ATTENDANCE AT MEETINGS

- (a) Unless otherwise stated herein, the meetings of the Committee are governed by the provisions contained in the Company's articles of association for regulating the meetings and proceedings of directors.
- (b) The quorum for a meeting of the Committee shall be two members, both of whom must be INEDs.
- (c) The chairman of the Board may attend meetings of the Committee, provided always that he/she shall not be in attendance when his/her own remuneration package or benefits are being discussed.
- (d) The Committee may, where appropriate, invite external advisers and/or members of the management of the Company and its subsidiaries (collectively the "**Group**") to attend the meeting to advise its members.
- (e) The company secretary of the Company shall be the secretary of the Committee who should attend all meetings of the Committee. The Committee may from time to time, appoint any other person with appropriate qualification and experience to act as the secretary of the Committee.
- (f) Members of the Committee may participate in a meeting of the Committee by means of telephone conference or similar communications equipment by means of which all persons participating in the meeting can hear each other and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.

2 FREQUENCY AT MEETINGS

Meetings shall be held not less than once a year. Any member of the Committee may request a meeting if he/she considers that one is necessary and upon the receipt of such request, the secretary of the Committee shall convene a meeting as soon as reasonably practicable and having regard to the convenience of all members with priority given to the INEDs.

3 COMMITTEE'S RESOLUTIONS

A resolution in writing signed by all members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee and may consist of several documents in like form each signed by one or more members of the Committee. Such resolution may be signed and circulated by fax or other electronic communications. This provision is without prejudice to any requirement under the Listing Rules for a Board or Committee meeting to be held.

4 AUTHORITIES

- (a) The Committee is authorised by the Board to review, assess and make recommendations upon any issue within its terms of reference. It is authorised to seek any information it requires from any employee of the Group or executive Director and such persons are directed to co-operate with any request made by the Committee.
- (b) The Committee is authorised by the Board, and at the reasonable expense of the Company, to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.
- (c) The Committee is to be provided with sufficient resources by the Company to discharge its duties. Where necessary, the Committee should seek independent professional advice, at the Company's expense, to perform its responsibilities.

5 PURPOSE AND GENERAL RESPONSIBILITIES

- (a) The purpose of the establishment of the Committee is to ensure the presence of a formal and transparent procedure for setting policy on the remuneration packages of the chairman of the Board, the executive Directors and the senior management of the Group.
- (b) The Committee is to review and make recommendations concerning the remuneration packages and benefits of the chairman of the Board, the executive Directors and the senior management of the Group as an independent and impartial committee, who have no personal financial interest in the package and/or benefits recommended and who, in the setting of those remuneration packages, will consider and give due regard to both the performance levels of, and a fair reward for, the chairman of the Board, executive Directors and the senior management of the Group and to the interest of all the shareholders of the Company in the light of the financial and commercial circumstances of the Company from time to time. No Director shall be involved in deciding his own remuneration.

- (c) The Committee should utilise information obtained internally and externally to satisfy itself that basic salaries are competitive with current market conditions and that the total remuneration package/benefits are competitive with other companies of a similar size, business nature and scope as the Company.
- (d) The Committee must ensure that the chairman of the Board, the executive Directors and the senior management of the Group are fairly rewarded in the light of their contribution to the Company and their performance and that they receive suitable incentives to maintain high standards of performance and to improve their, and the Company's performance.
- (e) The Committee should consult the chairman of the Board and/or chief executive of the Company about their remuneration proposals for other executive Directors. The Committee should have access to independent professional advice if considered necessary.

6 DUTIES

The duties of the Committee shall be:

- (a) to assess, review and make recommendations to the Board, once a year, or, as and when required, in respect of the remuneration packages and overall benefits for the chairman of the Board, the executive Directors and the senior management of the Group;
- (b) to make recommendations to the Board in relation to all consultancy agreements and service contracts, or any variations, renewals or modifications thereof, entered into between the Company and the Directors or the directors of any associate company of the Company;
- (c) to consider what details of the remuneration payable to the chairman of the Board, executive Directors and senior management of the Group should be disclosed in addition to those required by law or the Listing Rules in the Company's annual report and how those details should be presented;
- (d) to be charged with the responsibility of making recommendations to the Board on the Company's policy and structure for all Directors' and the Group's senior management's remuneration and on the establishment of a formal and transparent procedure for developing policy on such remuneration and also placing recommendations before the Board concerning the total remuneration and/or benefits granted to the Directors and senior management of the Group from time to time;
- (e) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (f) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management of the Group. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

- (g) to make recommendations to the Board on the remuneration of non-executive Directors;
- (h) to consider salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the Group;
- (i) to review and approve compensation payable to executive Directors and senior management of the Group 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;
- (j) 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;
- (k) to ensure that no Director or any of his/her associates (as defined in the Listing Rules) is involved in deciding his own remuneration;
- (l) to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules;
- (m) to ensure that adequate retirement arrangements are put in place and maintained in respect of the chairman of the Board, executive Directors and the senior management of the Group in the light of their performance during their time with the Group and not merely in regard to the previous one year's performance;
- (n) to enable the Company to be in a position to offer and maintain competitive and attractive overall benefits to recruit and maintain high quality personnel at the Board level;
- (o) to do any such things to enable the Committee to discharge its powers and functions conferred on it by the Board;
- (p) to conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the constitutional documents of the Company or imposed by the Listing Rules or applicable law; and
- (q) to ensure the Chairman, or in the absence of the Chairman, another member of the Committee or failing this his duly appointed delegate, to be available to answer questions related to the Committee at the annual general meeting of the Company.

7 REPORTING PROCEDURES

- (a) The Committee shall report to the Board. At the next meeting of the Board following a meeting of the Committee, the Chairman shall report the findings and recommendations of the Committee to the Board unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).
- (b) The Committee's recommendations on remuneration will be placed before the Board in the form of a Board paper circulated in advance of Board meetings through the company secretary of the Company.
- (c) Such recommendations will be supported, wherever relevant, with indications of historical remuneration arrangements in respect of the individuals concerned.

8 MINUTES AND RECORDS

- (a) Full minutes of the meetings of the Committee should be kept by the secretary of the Committee.
- (b) Draft and final versions of the minutes of the Committee should be circulated to all member of the Committee for their comments and records respectively within a reasonable time after the meeting. Once the minutes are signed, the secretary of the Committee shall circulate the minutes and reports of the Committee to all members of the Board.
- (c) The secretary of the Committee shall record individual attendance of members of the Committee, on a named basis, at meetings.

9 AVAILABILITY AND UPDARE OF THE TERMS OF REFERENCE

- (a) These terms of reference of the Company shall be updated and revised as and when necessary in light of changes in circumstances and changes in regulatory requirements (e.g. the Listing Rules) in Hong Kong. These terms of reference of the Company shall be made available to the public by including the information on The Stock Exchange of Hong Kong Limited's website and the Company's website.
- (b) The Company should disclose details of any remuneration payable to members of senior management by band in its annual report.

Remark: "senior management of the Group" refers to the persons referred to in the Company's prospectus or the interim/annual report of the Company (whichever is the latest) as senior management of the Group. It is the responsibility of the Directors to determine which individual or individuals constitute senior management. Senior management of the Group may include directors of subsidiaries, heads of divisions, departments or other operating units within the group as, in the opinion of the Directors, is appropriate.