



C&D Newin Paper & Pulp Corporation Limited

建發新勝漿紙有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 731)

(the “**Company**”, together with its subsidiaries, the “**Group**”)

TERMS OF REFERENCE FOR THE REMUNERATION COMMITTEE

(the “**Committee**”)

1. Membership

1.1 The Committee members shall be appointed by the board (the “**Board**”) of directors of the Company (the “**Directors**”) from time to time from among the Directors and shall consist of not less than three members, a majority of whom shall be independent non-executive Directors.

1.2 Each Committee member shall disclose to the Committee:

(a) any personal financial interest (other than as a shareholder of the Company (“**Shareholder**”)) in any matter to be decided by the Committee; or

(b) any potential conflict of interest arising from a cross-directorship.

Any such member shall abstain from voting on resolutions of the Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions, and shall (if so required by the Board) resign from the Committee.

2. Chairman

The chairman of the Committee must be an independent non-executive Director and shall be appointed by the Board.

3. Secretary

The company secretary of the Company (the “**Company Secretary**”) shall be the secretary of the Committee. In the absence of the Company Secretary, his/her delegate(s) or any person elected by the members present at the Committee meeting, shall attend the Committee meeting and take minutes.

4. Frequency and conduct of meetings

- 4.1 Unless otherwise indicated herein, the Committee meetings shall be governed by the provisions contained in the Company's bye-laws, as amended from time to time, for regulating meetings and proceedings of the Directors.
- 4.2 The Committee shall meet at least once a year. The chairman of the Committee shall convene a meeting upon request by any Committee member.
- 4.3 The quorum of a Committee meeting shall be any two members of the Committee, one of whom must be an independent non-executive Director.
- 4.4 An agenda and accompanying supporting papers should be sent in full to all Committee members in a timely manner and at least 3 days before the intended date of a Committee meeting (or such other period as the Committee members may agree).
- 4.5 Senior management is obliged to supply the Committee with adequate information in a timely manner, in order to enable it to make informed decisions. The information supplied must be complete and reliable. Where a Committee member requires more information than information provided voluntarily by senior management, the relevant Committee member should make additional necessary enquiries. Each Committee member shall have separate and independent access to the senior management.

5. Authorities and duties of the Committee

- 5.1 The Committee is authorised by the Board to discharge its duties within these terms of reference. It is authorised to seek any remuneration information it requires from the Directors and/or senior management who are directed to co-operate with the Committee.
- 5.2 The Committee is authorised by the Board to obtain external independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, at the Company's expense, if it considers necessary. The Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any external remuneration consultant who advises the Committee.

5.3 Without prejudice to any requirement under the Corporate Governance Code set out in Appendix 14 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the duties of the Committee shall include:

- (a) to make recommendations to the Board on the Company’s policy and structure for all Directors’ and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (b) to review and approve the management’s remuneration proposals with reference to the Board’s corporate goals and objectives;
- (c) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- (d) to make recommendations to the Board on the remuneration of non-executive Directors;
- (e) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- (f) 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;
- (g) 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;
- (h) to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration;
- (i) to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules;
- (j) to review the Group’s policy on expense reimbursements for the Directors and senior management; and
- (k) to address and deal with such other matters as may be delegated by the Board or otherwise required by the Listing Rules from time to time.

- 5.4 In carrying out its duties under these terms of reference, the Committee shall:
- (a) consult the chairman of the Board and/or the chief executive of the Company about their remuneration proposals for other executive Directors and have access to independent professional advice if necessary;
 - (b) provide the packages needed to attract, retain and motivate executive Directors of the quality required, but avoid paying more than is necessary for this purpose;
 - (c) judge where to position the Group relative to other companies. They should be aware what comparable companies are paying and should take account of relative performance;
 - (d) be sensitive to the wider scene, including pay and employment conditions within the Group and elsewhere, especially when determining annual salary increases;
 - (e) ensure that the performance-related elements of remuneration form a significant proportion of the total remuneration package of executive Directors and are designed to align their interests with those of Shareholders and to give the Directors incentives to perform at the highest levels; and
 - (f) ensure that share options and/or share awards offered by the Company to the Directors or senior management (if any) are in accordance with Chapter 17 of the Listing Rules, as applicable.
- 5.5 Without prejudice to the generality of these terms of reference set out above, the Committee shall:
- (a) operate the Company's share scheme or other incentive schemes as they apply to, and recommend to the general meeting of Shareholders grants of share options and/or share awards to be made to Directors and/or senior management. It shall recommend to the Board the total aggregate amount of any grants to employees (with the specific grants to individuals to be at the discretion of the Board) and make amendments to the terms of such schemes (subject to the provisions of the schemes relating to amendment);
 - (b) liaise with the trustee of any employee share scheme or other incentive schemes which is created by the Company for the benefit of employees, senior management or Directors;
 - (c) review the terms of executive Directors' service contracts from time to time; and

- (d) advise the Board in relation to the preparation of the Board’s remuneration report (if any) to the Shareholders.

6. Reporting responsibilities

- 6.1 Minutes of the Committee meetings shall be kept by a duly appointed secretary of the meeting (who should normally be the Company Secretary or his/her appointed delegate), and such minutes shall be available for inspection at any reasonable time on reasonable notice by any Director.
- 6.2 Minutes of Committee meetings shall record in sufficient detail the matters considered and decisions reached, including any concerns raised by Committee members or dissenting views expressed. Draft and final versions of minutes should be sent to all Committee members for their comment and records respectively, in both cases within a reasonable time after such meetings.
- 6.3 Without prejudice to the generality of the duties of the Committee set out in these terms of reference, the Committee shall report back to the Board and keep the Board fully informed of its decisions and recommendations, unless there are legal or regulatory restrictions on it to do so.

7. Annual general meetings

- 7.1 The chairman of the Committee shall attend annual general meetings of the Company and be prepared to respond to any Shareholder questions on the Committee’s activities.
- 7.2 If the chairman of the Committee is unable to attend an annual general meeting of the Company, he/she shall arrange for another Committee member, or failing this, his/her duly appointed delegate, to attend in his/her place. Such person shall be prepared to respond to any Shareholder questions on the Committee’s activities.

8. Availability of terms of reference

The Committee shall make available these terms of reference on request and by inclusion on the Stock Exchange’s website and the Company’s website, thereby explaining its role and the authority delegated to it by the Board.

Notes:

- (i) For the purpose of these terms of reference, “senior management” means the same persons as referred to in the Company’s annual report and are required to be disclosed under paragraph 12 of Appendix 16 to the Listing Rules, as such rule may be amended from time to time.
- (ii) If there is any inconsistency between the English and Chinese versions of these terms of reference, the English version shall prevail.

* *For identification purpose only*

(Revised on 27 March 2023)