

Fidelity China Special Situations PLC
(the “Company”)

Terms of Reference for the Management Engagement Committee

1. Function

The Management Engagement Committee (the “Committee”) is appointed by the Board to review the performance of FIL Investment Management (Hong Kong) Limited and FIL Investments International (“the Managers”) and to ensure that the Company’s management contracts are competitive and reasonable for the Company’s shareholders.

2. Duties

The Committee shall:-

2.1 review the performance of the Managers in line with following criteria:

2.1.1 Quality of team – the skills and particularly the experience of the team involved in managing all aspects of the Company’s business;

2.1.2 Commitment of the Managers to the investment trust business generally and to the Company in particular;

2.1.3 Managing the Company – in running and controlling the administration, the accounting, tax compliance and the Company Secretarial function of the Company;

2.1.4 Investment management – portfolio management skills, experience and track record and other investment related considerations, including the unlisted and hard to price investments;

2.1.5 Shareholders – shareholder consciousness and relations, discount management and commitment to the Company’s goals;

2.1.6 Management Agreements – consideration of fees, notice period and duties;

2.1.7 Marketing – commitment to and execution of activities designed to secure sustainable demand from prospective long term shareholders; and

2.1.8 Website Management - ensuring the Company’s pages on the Manager’s website are kept up to date and relevant and engaging.

2.2 consider not less than once a year, with regard to the criteria set out above, whether it is in the interests of the Company’s shareholders for the Management Agreements to continue;

2.3 determine the management fees of the Managers;

2.4 determine the Managers contract notice period;

2.5 make whatever recommendations to the Board it deems appropriate; and

2.6 compile a report to shareholders to be included in the Company’s Annual Report and Accounts.

3. Membership

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The Committee shall consist of all the independent non-executive Directors of the Company. The Chairman of the Committee shall be appointed by the Board. In the absence of the Committee Chairman the remaining members present shall elect one of their number to chair the meeting.

4. Quorum

The quorum necessary for the transaction of business shall be two Committee members.

5. Meetings

The Committee shall meet not less than once a year and at such other times as the Chairman of the Committee shall require.

6. Secretary

The Company Secretary shall be the secretary of the Committee.

7. Reporting requirements

The Secretary shall circulate the minutes of meetings of the Committee to all members of the Board.

8. Authority

The Committee is authorised by the Board to obtain outside legal or other independent professional advice on any matters within its terms of reference at the Company's expense and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

Approved by the Board on 23 July 2020

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