

China Everbright Limited

(the “Company”)

Independent Non-Executive Directors Policy

Company Secretarial Department/Board Office

(Version Date: 27 March 2025)

1. Purpose

The purpose of this policy is to establish clear guidelines regarding the appointment, roles, responsibilities, independence and evaluation of Independent Non-Executive Directors (“INEDs”) of the Company. INEDs play a crucial role in corporate governance, bringing independent judgment, objectivity and diverse perspectives to the decision-making processes of the Board.

2. Appointment of INEDs

2.1 Eligibility Criteria

- An individual being considered for appointment as an INED must meet the independence requirements as defined by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). This includes not having any relationship with the Company, its management or its major shareholders that could interfere with their independent judgment.
- The candidate should possess relevant professional experience, such as in finance, law, industry-specific knowledge or corporate governance. They should have a good understanding of the regulatory environment in which the Company operates, especially in relation to Hong Kong’s corporate laws and listing regulations.

2.2 Nomination Process

- The Nomination Committee of the Company will be responsible for identifying and nominating suitable candidates for the position of INEDs. The Nomination Committee will source candidates through a variety of channels, including professional networks, executive search firms, and referrals.

- The Nomination Committee will assess each candidate's qualifications, experience, and independence. A shortlist of candidates will be prepared and presented to the whole Board of Directors for consideration.

2.3 Appointment and Re-appointment

- The appointment of an INED will be subject to the approval of the Board of the Company. The re-appointment of an INED will be subject to the approval of the shareholders at a general meeting.
- Before each re-appointment, the performance of the INED will be evaluated (as described in the Evaluation section below). The results of this evaluation will be taken into account by the Nomination Committee and the Board when deciding on re-appointment.

3. **Roles and Responsibilities**

3.1 Strategic and Policy Making

- INEDs are expected to contribute to the development and review of the Company's strategic plans. They should provide independent and objective advice on major strategic decisions, such as mergers and acquisitions, capital raising and business expansion plans.
- They are also required to review and approve the Company's major policies, including financial policies, risk management policies and corporate governance policies.

3.2 Oversight of Management

- INEDs have a duty to monitor the performance of the Company's management. They should review the Company's financial reports and ensure that proper internal controls and risk management systems are in place.
- They are expected to question management on significant matters, such as financial performance, operational issues and compliance with laws and regulations. In case of any concerns, they should take appropriate actions, which may include raising the issue with the full Board or relevant regulatory authorities.

3.3 Committee Membership

- INEDs are typically required to serve on various Board committees, such as the Audit and Risk Management Committee, Remuneration Committee, and Nomination Committee. In these committees, they play a vital role in ensuring the proper functioning of the Company's financial reporting, remuneration of the senior management and board composition processes.
- For example, in the Audit and Risk Management Committee, INEDs are responsible for reviewing the Company's financial statements, internal audit reports and the performance of the external auditor. In the Remuneration Committee, they help to determine fair and reasonable remuneration packages for the Company's senior management, ensuring that these packages are aligned with the Company's performance and long-term interests.

4. **Independence**

4.1 Independence Criteria

- An INED is considered independent if they have no material business, financial or family relationships with the Company, its management or its major shareholders. This includes not having any direct or indirect financial interests in the Company (beyond a certain threshold defined by the Listing Rules), not being an employee or former employee of the Company (except under certain specific circumstances) and not having any business dealings with the Company that could create a conflict of interest.
- The Company will regularly review the independence of its INEDs to ensure that they continue to meet the required standards. INEDs are also required to disclose any potential conflicts of interest to the Board immediately.

4.2 Independence Declaration

- Upon appointment, each INED will be required to sign an independence declaration, stating that they meet the independence criteria. They will also be required to update this declaration annually, or whenever there is a change in their circumstances that may affect their independence.

5. Evaluation

5.1 Performance Evaluation

- The performance of each INED will be evaluated annually. The evaluation will be carried out by the Nomination Committee, using a combination of self-assessment, peer assessment and assessment by the Chairman of the Board.
- The evaluation will focus on the INED's attendance at Board and committee meetings, their contribution to discussions and decision-making, their compliance with their roles and responsibilities and their independence.
- The results of the evaluation will be used to determine whether the INED should be re-appointed and to identify areas for improvement in their performance.

5.2 Training and Development

- Based on the evaluation results, the Company will provide appropriate training and development opportunities for INEDs. This may include training on new regulatory requirements, industry trends and corporate governance best practices. The goal is to enhance the skills and knowledge of INEDs, enabling them to better fulfill their roles and responsibilities.

6. Remuneration

6.1 Determination of Remuneration

- The remuneration of INEDs will be determined by the Remuneration Committee, taking into account factors such as the time commitment required, the complexity of the role and the market rates for similar positions in comparable companies.
- The remuneration package will typically consist of a fixed fee which may be supplemented by additional allowances for committee membership or special assignments.

6.2 Disclosure of Remuneration

- The Company will disclose the remuneration details of each INED in its annual report, providing transparency to shareholders and other stakeholders. This disclosure will include the amount of the fixed fee, any additional allowances and the total remuneration paid to each INED during the financial year.