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**恒安國際集團有限公司\***  
**HENGAN INTERNATIONAL GROUP CO., LTD.**

(Incorporated in the Cayman Islands with limited liability)  
(Stock Code: 1044)  
(the “Company”)

## **Board Independence Evaluation Mechanism**

### **Introduction**

A healthy Board culture plays a pivotal role in good governance of the Company whose shares are listed on The Stock Exchange of Hong Kong Limited (“**SEHK**”) pursuant to the Rules Governing the Listing of Securities on SEHK (the “**Listing Rules**”), and the directors (“**Directors**”) of the Board of the Company (the “**Board**”) should demonstrate good practice in the boardroom and promote governance throughout the business of the Company and its subsidiaries (the “**Group**”).

### **Objective**

Continuing improvement and development of the Board of the Company and its committee processes and procedures through Board independence evaluation provides a powerful and valuable feedback mechanism for improving Board effectiveness, maximising strengths, and identifying the areas that need improvement or further development.

The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

This Mechanism is designed to ensure a strong independent element on the Board of the Company, which allows the Board effectively exercises independent judgment to better safeguard shareholders’ interests.

### **Mechanism**

- Nomination Committee is established with clear terms of reference to identify suitable candidates, including independent non-executive directors, for appointment as Directors.
- Nomination Policy is in place with details of the process and criteria of identifying, selecting, recommending, cultivating and integrating new directorship.
- For independent non-executive directors (“**INED(s)**”):

- Every INED is required to confirm in writing to the Company the independence of the Director upon such appointment with reference to such criteria as stipulated in the Nomination Policy as well as the Listing Rules;
  - Each INED has to declare the Director's past or present financial or other interests in the Group's business as soon as practicable, or the Director's connection with any of the Company's connected persons (as defined in the Listing Rules), if any;
  - Each INED is required to inform the Company as soon as practicable if there is any change in the Director's own personal information that may affect independence of the Director.
- The Nomination Committee will assess annually the independence of all INEDs and affirm if each of them still satisfies the criteria of independence as set out in the Listing Rules and is free from any relationships and circumstances which are likely to affect, or could appear to affect, their independent judgement. Every Nomination Committee member should abstain from assessing the Director's own independence.
  - Where the Board proposes a resolution to elect an individual as an INED at the general meeting, it will set out in the circular to shareholders the reasons it believes the Director should be elected and the reasons it considers the Director to be independent.
  - A mechanism is in place for Directors to seek independent professional advice in performing their duties at the Company's expense.
  - Directors are encouraged to access and consult with the Company's senior management independently, if necessary.
  - An annual review on Board independence (the "**Board Independence Evaluation**") will be conducted, with attention to ensuring that it remains independent in judgement, and continues to present an objective and constructive challenge to the assumptions and viewpoints presented by the management.
  - The Board Independence Evaluation may take in the form of a questionnaire to all Directors individually and may be supplemented by individual interview with each Director, if necessary, and/or in any other manners which the Board considers fit and necessary.
  - The Board Independence Evaluation report will be presented to the Board which will collectively discuss the results and the action plan for improvement, if appropriate.
  - The results of the Board Independence Evaluation or a summary of the findings of the said Evaluation will be disclosed in the Corporate Governance Report for accountability and transparency purposes.

The aforesaid Board Independence Evaluation will be regarded as an ongoing exercise of the Company while the Company may seek assistance from external consultant if an external evaluation on the same subject is needed.

*\* for identification purposes only*