

# **CHINA EVERBRIGHT WATER LIMITED**

**Company Registration Number 34074**

**(Incorporated in Bermuda)**

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## **STRATEGY COMMITTEE TERMS OF REFERENCE**

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## 1. INTRODUCTION

The Strategy Committee (“**SC**”) was established by the board of directors (“**Board**”, each individual director is herein referred as the “**Director**”) of China Everbright Water Limited (“**Company**”) in accordance with the terms of reference approved by the Board.

## 2. OBJECTIVES

2.1 The main objective of the SC shall be to assist the Board in fulfilling its oversight responsibilities relating to the planning and implementation of the Company’s development strategies. In addition to pursuing this goal, the SC shall:

- (i) assist the Board in providing strategic direction to the Company and to oversee the strategic planning of the Company and the implementation of such strategies;
- (ii) review the medium-term and long-term strategic objectives proposed by the management of the Company (the “**Management**”) and to oversee Management’s performance in relation to such strategies;
- (iii) review, endorse and recommend to the Board the annual business plans, budget and capital and debt structure of the Company in relation to the strategies;
- (iv) review the financial and operational performance of the Company in relation to the approved budget of the Company;
- (v) consider sustainability issues in formulating strategies and to oversee the monitoring and management of environmental, social and governance factors that are material to the business of the Company;
- (vi) deliberate on strategic matters which require the review of the Board; and
- (vii) exercise such power and perform such other duties as the Board may delegate to it from time to time.

### 3. APPOINTMENT

3.1 The SC shall be appointed by the Board from amongst its members. The SC shall comprise at least three (3) members, including:

- (i) the chairman of the Board;
- (ii) one (1) executive Director of the Company; and
- (iii) one (1) independent non-executive Director of the Company.

At least one member of the SC should have broad business experience, knowledge in strategic planning and if there is a need, expert professional advice may be obtained internally or externally.

3.2 The chairman of the SC (the “**SC Chairman**”) shall be the chairman of the Board. If at any meeting, the SC chairman is not present within ten (10) minutes after the time appointed for holding the meeting, the members present may choose one of the other members to be chairman of the meeting.

3.3 If a member of the SC, for any reason, ceases to be a member of the SC, the Board shall within three (3) months of that event, appoint a new member of the SC having such qualifications so that the number of members of the SC does not fall below three (3).

3.4 A member who wishes to retire or resign from the SC shall notify the Board in writing, giving at least one month’s notice.

3.5 The office of a member of the SC shall become vacant upon the member’s resignation/retirement/removal or disqualification as a director of the Company

### 4. ADMINISTRATION

#### 4.1 Meetings

- (i) The meetings of the SC may be conducted by means of telephone conferencing or other methods of simultaneous communication by electronic or telegraphic means whereby all persons participating in the meeting can hear each other and participation in a meeting in this manner shall be deemed to constitute presence in person at such meeting provided that all decisions made are confirmed in writing by all members of the SC who participated in the said telecommunication discussion.
- (ii) The frequency of meetings shall be held at least once a year. Special meetings may be called, when necessary, by any member of the SC.

- (iii) The SC shall have full discretion with regard to the calling of the meetings of the SC and the proceedings thereat and may invite any Director or management personnel to their meetings.
- (iv) The secretary of the Company, failing whom his/her representative, shall be the secretary for all meetings of the SC. The minutes shall be confirmed by the chairman of the meeting and circulated to all members of the SC. The minutes are to be signed by the chairman of the meeting or by the chairman of the next succeeding meeting.

## **4.2 Notice**

The notice of each meeting of the SC, confirming the venue, time and date and enclosing an agenda of items to be discussed, shall other than under exceptional circumstances, be forwarded to each member of the SC not fewer than three (3) working days prior to the date of the meeting. The members of the SC may, however, consent to shorter notice whereupon the requisite period shall be waived.

## **4.3 Quorum**

The quorum shall be two (2) members.

## **4.4 Voting**

Each member present shall have one (1) vote. All resolutions passed in the meeting shall be by majority votes. If the votes for and against a resolution are equal, the chairman of the meeting shall have a casting vote.

## **4.5 Written resolutions**

A resolution in writing signed by all the members of the SC shall be as valid and effectual as if it had been passed at a meeting of the Committees duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more members. The expressions "in writing" and signed include approvals by facsimile, telex, cable or telegram.

## **4.6 Reporting**

The SC Chairman shall report on the proceedings of the SC to the Board by way of submission of minutes of the SC meetings or by such other mode as the SC Chairman shall in his/her discretion deem fit.