



## Courage Marine Group Limited

(勇利航業集團有限公司) \*

(Incorporated in Bermuda with limited liability)

(Hong Kong Stock Code: 1145)

(Singapore Stock Code: E91.SI)

### TERMS OF REFERENCE FOR NOMINATION COMMITTEE COURAGE MARINE GROUP LIMITED (THE "COMPANY")

#### 1. Membership

- 1.1 The Nomination Committee (the "Committee") shall be appointed by the Board of Directors (the "Board") of the Company from amongst its members, and shall comprise at least three (3) members, a majority of whom, including the Chairman of the Committee, shall be independent non-executive Directors (see Note 1 below). In addition, the Chairman of the Committee should be a Director who is not, or who is not directly associated with, a substantial shareholder (with interest of 5% or more in the voting shares of the Company) (see Note 2 below).
- 1.2 The Chairman of the Committee shall be elected by the Board.
- 1.3 A member who wishes to retire or resign from the Committee shall notify the Board in writing, giving at least one (1) month's notice.
- 1.4 The office of a member shall become vacant upon the member's resignation, retirement, removal or disqualification as a Director of the Company.
- 1.5 Any vacancy in the Committee shall be filled within two (2) months.
- 1.6 The membership of the Committee shall be disclosed annually in the annual report of the Company.

#### Note 1

An "independent" Director is one who does not have a relationship which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the functions of the Committee.

An "independent" Director is one who has no relationship with the Company, its related companies (i.e. its subsidiaries, fellow subsidiaries or parent company) or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company. Examples of relationships which would deem a Director not to be independent, include:-

- (a) a Director being employed by the Company or any of its related companies for the current or any of the past three (3) financial years;
- (b) a Director who has an immediate family member (i.e. spouse, child, adopted child, step-child, brother, sister and parent) who is, or has been in any of the past three (3) financial years,

employed by the Company or any of its related companies as a senior executive officer whose remuneration is determined by the Company's remuneration committee;

- (c) a Director, or an immediate family member, accepting any compensation from the Company or any of its subsidiaries other than compensation for board service for the current or immediate past financial year;
- (d) a Director, or an immediate family member, being a substantial shareholder of or a partner in (with 5% or more stake), or an executive officer of, or a Director of any for-profit business organisation to which the Company or any of its subsidiaries made, or from which the Company or any of its subsidiaries received, significant payments in the current or immediate past financial year. As a guide, payments (except for transactions involving standard services with published rates or routine and retail transactions and relationships (for instance, credit card or bank or brokerage or mortgage or insurance accounts or transactions), unless special or favourable treatment is accorded) aggregated over any financial year in excess of S\$200,000 should generally be deemed significant;
- (e) a Director who is a 10% shareholder or an immediate family member of a 10% shareholder of the company; or
- (f) a Director who is or has been directly associated with a 10% shareholder of the company, in the current or immediate past financial year.

The six relationships set out above are not exhaustive, and are examples of situations which would deem a Director to be not independent. In addition to the above relationship, the factors set out in Rule 3.13 of the Listing Rules of The Stock Exchange of Hong Kong (HKEx Rules) shall be taken into account in assessing whether a non-executive director is "independent". In the event of any conflict between the above relationship and the factors set out in Rules 3.13 of HKEx Rules, the more onerous provisions shall prevail.

If the Company wishes, in spite of the existence of one or more of the relationships in the paragraph above or the factors set out in Rule 3.13 of HKEx Rules, to consider the Director as independent, it should disclose in full the nature of the Director's relationship and bear responsibility for explaining why the Director should be considered independent prior to his appointment.

A "**10% shareholder**" shall refer to a person who has an interest or interests in one or more voting shares in the company and the total votes attached to that share, or those shares, is not less than 10% of the total votes attached to all the voting shares in the company. "Voting shares" exclude treasury shares.

A director will be considered "**directly associated**" with a 10% shareholder when the director is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the 10% shareholder in relation to the corporate affairs of the corporation. A director will not be considered "directly associated" with a 10% shareholder by reason only of his or her appointment having been proposed by that 10% shareholder.

#### Note 2

A Director will be considered "directly associated" to a substantial shareholder when the director is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the substantial shareholder.

## **2. Administration**

### **2.1 Meetings**

- (a) The Committee is authorised to meet together at any place for the despatch of business, adjourn and otherwise regulate their meetings as they think fit and questions arising at any meeting shall be decided by a majority of votes. In the event of an equality of votes, the Chairman of the meeting at which the proceedings were held shall have a casting vote.

- (b) Any member of the Committee shall have full discretion to invite any Director or member of the management of the Company to attend meetings of the Committee.
- (c) The Committee shall cause minutes of all proceedings of the Committee to be entered in the Minute Book of the Company and those minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.
- (d) A resolution in writing signed by all the members of the Committee for the time being shall be valid and effectual as a resolution duly passed at a meeting of the Committee duly convened and held notwithstanding that such signing may take place at different times or places.
- (e) The notice and agenda of meetings shall be circulated at least seven (7) days before the scheduled meetings to all members of the Board/Committee.

## 2.2 Quorum

No business shall be transacted at any meeting of the Committee unless a quorum is present when the meeting proceeds to business. For all purposes the quorum shall comprise a majority of the members of the Committee.

## 3. **Duties and Responsibilities**

3.1 The duties and responsibilities of the Committee shall be as follows:-

- (a) to develop and maintain a formal and transparent process for the appointment of Directors to the Board and all things incidental including without limitation:-
  - (i) to review and make recommendations to the Board on relevant matters relating to all appointments to the Board (including the Company's policy for the nomination of Directors which contains nomination procedures and process, and criteria to select and recommend candidates for directorship of the Company so that the Board has a balance of skills, experience and diversity of perspective appropriate to the requirements of the Company's business and specific needs) and succession planning for Directors in particular the chairman and the chief executive officer;
  - (ii) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of, individuals nominated for directorships;
  - (iii) to re-nominate Directors (including, if applicable, an independent Director) to the Board, having regard to the Director's contribution and performance (e.g. attendance, preparedness, participation and candour) (See Note 3 below);
  - (iv) to determine annually whether or not a Director is independent in character and judgment and whether there are relationships or circumstances which are likely to affect, or could appear to affect the Director's judgment, bearing in mind the circumstances set forth in Guideline 2.3 and 2.4 of the Code of Corporate Governance 2012 (the "Code") (see Note 1 above) and other salient factors and Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
  - (v) where a Director serves on multiple boards, the Committee has to decide whether or not such Director is able to and has been adequately carrying out his duties as a Director of the Company;
  - (vi) to recommend to the Board internal guidelines that address the competing time commitments that are faced when Directors serve on multiple boards;

- (vii) to prepare a description of the process for the selection and appointment of new Directors to the Board, including disclosure on the search and nomination process;
  - (viii) to review the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and at least annually and make recommendations to the Board regarding any proposed changes; and
  - (ix) to prepare an annual report comprising key information regarding Directors. (see Note 4 below).
- (b) to assess the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board (see Notes 5 and 6 below);
  - (c) to decide how the performance of the Board may be evaluated and to propose objective performance criteria (see Note 7 below). The Chairman should act on the results of the performance evaluation, and where appropriate, propose new members be appointed to the Board or seek the resignation of directors, in consultation with the Committee;
  - (d) to review training and professional development programs for the Board;
  - (e) to report to the Board its findings from time to time on matters arising and requiring the attention of the Committee; and
  - (f) to undertake such other reviews, projects, functions, duties and responsibilities as may be requested by the Board.

### Note 3

*As a principle of good corporate governance, all Directors should be required to submit themselves for re-nomination and re-election at regular intervals and at least every three years.*

### Note 4

*Key information shall include academic and professional qualifications, shareholding in the Company and its subsidiaries, board committees served on (as a member or chairman), date of first appointment as a Director, date of last re-election as a Director, directorships or chairmanships both present and those held over the preceding three years in other listed companies and other major appointments. In addition, the Company's annual disclosure on corporate governance should indicate which Directors are executive, non-executive or considered by the Committee to be independent. The names of the Directors submitted for election or re-election should also be accompanied by such details and information to enable shareholders to make informed decisions.*

### Note 5

*The assessment process should be disclosed annually in the annual report.*

### Note 6

*Individual evaluation should aim to assess whether each Director continues to contribute effectively and demonstrate commitment to the role (including commitment of time for board and committee meetings, and any other duties).*

### Note 7

*Such performance criteria, which allow for comparison with its industry peers, should be approved by the Board and address how the Board has enhanced long term shareholders' value. These performance criteria should not be changed from year to year, and where circumstances deem it necessary for any of the criteria to be changed, the onus should be on the Board to justify this decision.*

*In addition to any relevant performance criteria which the Board may propose, the performance evaluation should also consider the Company's share price performance over a five-year period vis-à-vis the Singapore Straits Times Index and a benchmark index of its industry peers. Other performance criteria that may be used include return on assets ('ROA'), return on equity ('ROE'), return on investment ('ROI') and economic value added ('EVA') over a longer-term period.*

#### **4. Reporting Procedure**

- 4.1 The minutes of all meetings of the Committee shall be circulated to all members of the Board.

*Note:*

*in the event of any inconsistency, the English language text of these terms of reference shall prevail over the Chinese language text.*

\* for identification purpose only