



**中遠海運國際(香港)有限公司**

COSCO SHIPPING INTERNATIONAL (HONG KONG) CO., LTD.

**Board of Directors**

**Terms of Reference**

**Revised version dated 2nd March 2018**

## **Board of Directors Terms of Reference**

### **1. Mission of the Board**

The board of directors (the “Board”) of COSCO SHIPPING International (Hong Kong) Co., Ltd. (the “Company”) represents the shareholders’ interests and in maintaining and growing a successful business development, and takes as its priority optimising consistent long-term shareholders’ returns. The Board is responsible for formulating the direction of the Company and its subsidiaries (the “Group”) in such a way to achieve the said objective. The Board’s responsibility is, firstly, to formulate strategy and, secondly, to monitor and implement operating and financial performance in pursuit of the Group’s strategic objectives. The Board approved its terms of reference on 3rd March 2005.

### **2. Duties of the Board**

#### **2.1 Operational strategy**

- formulating the operational strategies and management policies; and
- establishing a management and internal control system to ensure the Company’s businesses are properly operated and managed.

#### **2.2 Corporate governance**

- reviewing the Company’s policies and practices on corporate governance.

#### **2.3 Accountability to the shareholders**

- responsible for convening general meetings and endeavoring to attend the general meetings;
- implementing the decisions of the general meetings;
- ensuring the accuracy of the disclosed information of the Company;
- implementing other responsibilities as required by the laws, regulations or the bye-laws of the Company and as authorised by the general meetings; and
- formulating and reviewing the “Shareholders’ Communication Policy” of the Company on a regular basis to ensure its effectiveness.

#### 2.4 Development direction, major investment and connected transactions of the Company

- formulating the development strategy of the Company;
- handling the conflict of interests of the major shareholders or directors;
- reviewing major acquisition and disposal of assets including the major investment and capital operation of major capital projects;
- deciding on the establishment of the branch of the Company; and
- proposing the major acquisition or disposal, amalgamation, division and dissolution of the Company.

#### 2.5 Finance and fund management

- formulating the annual financial budget of the Company;
- reviewing financial reports;
- proposing the appointment, re-appointment or removal of the external auditor to be put in the general meetings for approval;
- formulating the dividend policy and dividend proposal of the Company;
- formulating company policy on debt and finance;
- reviewing the proposal to increase or reduce the share capital;
- authorising to issue any type of securities, including but not limited to the corporate bond and its listing or to repurchase shares; and
- regularly reviewing the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

#### 2.6 Risk management

- reviewing the effectiveness of all material controlling functions, including financial, operational and compliance controls and risk management on a regular basis; and
- reviewing the relevant risk management response to changes of its business and the external environment.

#### 2.7 Human resources and the management of subsidiaries

- deciding on the establishment of company internal management institution, including the establishment, dissolution or change to the responsibilities or number of the departments or the committees; and

- deciding on the nomination, change or recommendation to the board members of the subsidiaries or the affiliated companies.

## 2.8 Others

- regularly reviewing the contribution required from a director to perform his responsibilities to the Company, and whether he is spending sufficient time to perform his duties;
- formulating the bye-laws of the Company and the proposal on its amendment;
- reviewing any introduction of new policy and improvement of the existing policy to set the basic management system of the Company;
- reporting by the Managing Director and reviewing the work performance of the Managing Director; and
- dealing other major and administrative affairs of the Company other than those required to be approved by the general meetings pursuant to the requirement of the laws, regulations, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the bye-laws of the Company.

## 3. Duties of Chairman

The Chairman shall perform the following duties:

### 3.1 Directors

- encouraging all members of the Board to make a full and active contribution to the Board affairs, promoting a culture of openness and debate by facilitating the effective contribution of non-executive directors in particular;
- encouraging directors with different views to voice their concerns, allowing sufficient time for discussion of issues and ensure that Board decisions fairly reflect Board consensus;
- ensuring constructive relations between executive directors and non-executive directors;
- meeting with the non-executive directors (including independent non-executive directors) without the executive directors present at least once a year;
- ensuring that directors receive, in a timely manner, adequate information which must be accurate, clear, complete and reliable;

- leading the Board and ensuring that the Board works effectively and performs its responsibilities, and that all directors are properly briefed on issues arising at Board meetings and all key and appropriate issues are discussed by it in a timely manner;
- chairing the Board meetings and general meetings;
- ensuring that there is appropriate delegation of authorities from the Board to the Board committees;
- with the assistance of the Company Secretary, drawing up and approving the agenda for each Board meeting and taking into account, where appropriate, any matters proposed by the other directors for inclusion in the agenda; and
- ensuring effective implementation of Board's decision.

### 3.2 Induction, development and performance evaluation

- with the assistance of the Company Secretary, ensuring that a newly appointed director understands the overall operation of the Company and his responsibilities;
- ensuring that the directors should be able to continually update their skills and knowledge be familiar with the Company so as to discharge their responsibilities in the Board and the Board committees; and
- identifying the development needs of the Board as a whole to enhance its overall effectiveness as a team.

### 3.3 Relations with shareholders

- ensuring effective communication with shareholders;
- maintaining sufficient contact with major shareholders, to understand their matters of concern in particular discussing governance, strategy and remuneration;
- ensuring that the views of shareholders can be directly communicated with the Board;
- arranging each of the directors and committee chairmen to attend annual general meetings of the Company and to answer queries from the shareholders; and
- ensuring the balance of interest between shareholders and other stakeholders (employees, clients, suppliers and society).

### 3.4 Others

- ensuring good corporate governance practices and procedures are established, promoting the directors to comply with the “Corporate Governance Code” and “Corporate Governance Report” of contained in the Listing Rules. If it cannot be complied by all of them, understand the reasons for non-compliance and with the consent of the Board to explain to the shareholders;
- responsible for formulating the overall strategies and policies of the Company to ensure the consistent growth and development of the business; and
- ensuring the update of the quality and capability of the senior management.

## 4. Duties of the Vice Chairman/Managing Director

The Vice Chairman/Managing Director shall be delegated the authority by the Board to lead the senior management, responsible for the daily operation and management of the Company in accordance with the objectives and directions, and internal control policy and procedure laid down by the Board.

The Vice Chairman/Managing Director is responsible for:

- 4.1 ensuring the Group’s policies and procedures are in compliance and meet with the highest standard;
- 4.2 keeping the Chairman and all directors informed on all important matters;
- 4.3 leading the executive directors and the senior management in the day-to-day operation of the Group’s businesses; and
- 4.4 ensuring effective implementation of the Board’s decisions.

## 5. Duties of Non-executive Directors

Non-executive directors (including independent non-executive directors), as equal Board members, should give the Board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation.

Non-executive directors (including independent non-executive directors) should make a positive contribution to the development of the Company’s strategies and policies through independent, constructive and informed comments.



The functions of non-executive directors are as follows:

- 5.1 participating in Board meetings to bring an independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct;
- 5.2 taking the lead where potential conflicts of interests arise;
- 5.3 serving on the Audit Committee, Remuneration Committee, Nomination Committee and other governance committees, if invited;
- 5.4 scrutinising the Company's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting; and
- 5.5 attending general meetings and developing a balanced understanding of the views of shareholders of the Company.

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