



T.S. Lines Limited
德翔海運有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 02510)

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

The remuneration committee (the “**Remuneration Committee**”) of T.S. Lines Limited (the “**Company**”) should be established by the board of directors of the Company (the “**Board**”). Set out below are the terms of reference (the “**Terms of Reference**”) of the Remuneration Committee. If there is any inconsistency between the English and the traditional Chinese versions of the Terms of Reference, the English version shall prevail over the traditional Chinese version.

1. PURPOSE

- 1.1 The purpose of the Remuneration Committee is to make recommendations to the Board in determining the policy and structure for the remuneration of directors and senior management, to establish a formal and transparent procedure for developing policy, to evaluate the performance of directors and senior management, to review and approve the terms of incentive schemes and directors’ service contracts, and to recommend the remuneration packages for all directors and senior management.
- 1.2 The Remuneration Committee is to review and make recommendations as an independent and impartial committee, who has no personal financial interest in the package and/or benefits recommended and who, in the setting of those remuneration packages, will consider and give due regard to both the performance levels of, and a fair reward for, the relevant individuals and the to the interest of all the shareholders of the Company in light of the financial and commercial circumstances of the Company from time to time.

2. MEMBERS

- 2.1 Members of the Remuneration Committee shall be appointed by the Board. A majority of the Remuneration Committee should be independent non-executive directors who meet the independence requirements from time to time as stipulated in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) (as amended from time to time). The constitution of the Remuneration Committee shall comply with the requirements of the Listing rules from time to time.
- 2.2 The Board shall appoint one member of the Remuneration Committee as the chairman (the “**Chairman**”), who must be an independent non-executive director.

3. SECRETARY

- 3.1 The company secretary of the Company shall act as the secretary of the Remuneration Committee.
- 3.2 The Remuneration Committee may from time to time, appoint any other person with appropriate qualification and experience to act as the secretary of the Remuneration Committee.

4. MEETING

- 4.1 The Remuneration Committee should meet at least once a year or more frequently if circumstances require. Any member or the secretary of the Remuneration Committee can call for a meeting.
- 4.2 Notice of at least 14 days should be given for any meeting, unless such notification is waived by all members of the Remuneration Committee. Notwithstanding the notification period, the attendance of the member of the Remuneration Committee at the meeting would be deemed as the waiver by such members of the required notification requirement. If the follow-up meeting takes place within 14 days after the meeting, then no notification is required for such follow-up meeting.
- 4.3 The quorum necessary for the transaction of business of the Remuneration Committee shall be two members of the Remuneration Committee, one of whom must be an independent non-executive director.
- 4.4 Meeting can be attended in person or via electronic means including telephone, tele-conferencing or any other telecommunications or in such other manner as the members may agree, provided that all participants are thereby able to communicate contemporaneously by voice with all other participants and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.
- 4.5 Upon the invitation from the Remuneration Committee, the chairman of the Board and/or the general manager or the chief executive officer, the chief financial officer (or equivalent), other senior staff members responsible for the human resources function, external advisor and other persons can be invited to attend all or part of any meeting.
- 4.6 The Chairman shall be responsible for leading the Remuneration Committee, including scheduling meetings, preparing agendas and making regular reports to the Board.
- 4.7 The agenda and accompanying meeting materials shall be sent to all members of the Remuneration Committee and to other attendees as appropriate at least three days before the date of the meeting (or such other period as the members may agree).
- 4.8 Only the members of the Remuneration Committee can vote in a meeting of the Remuneration Committee. Each member shall have one voting right. Subject to the Articles of Association of the Company, questions arising at any meeting of the Remuneration Committee shall be decided by a majority of votes, and in case of an equality of votes, the Chairman shall have a second or casting vote.
- 4.9 A resolution passed and signed by all members of the Remuneration Committee is valid, and the validity is the same as any resolution passed in the meeting held.
- 4.10 Full minutes of Remuneration Committee meeting should be kept by a duly appointed secretary of the Remuneration Committee and be available for review by the directors. Draft and final versions of minutes of the meeting should be sent to all members of the Remuneration Committee for their comment and records, within a reasonable time after the meeting.

5. AUTHORITY

- 5.1 The authorities and responsibilities of the Remuneration Committee shall include such responsibilities and authorities set out in the relevant code provisions of the Corporate Governance Code (the “**CG Code**”) as contained in Appendix C1 to the Listing Rules (as amended from time to time).
- 5.2 The Remuneration Committee should consult the chairperson of the Board and/or the chief executive officer about their remuneration proposals for other executive directors.
- 5.3 The Remuneration Committee is authorised by the Board to request the senior management of the Company to provide any required resources or information related to the remuneration package to perform its duties.
- 5.4 The Remuneration Committee should have access to independent professional advice at the Company’s expense if necessary, to perform the responsibilities of the Remuneration Committee.

Remark: the independent professional advice can be sought via the company secretary of the Company.

- 5.5 The Remuneration Committee should be provided with sufficient resources to perform its duties.

6. DUTIES AND POWERS

Without prejudice to any requirement under the CG Code, the Remuneration Committee shall have the following duties and powers:

- 6.1 to make recommendations to the Board on the Company’s policy and structure for all directors’ and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- 6.2 to review and approve the management’s remuneration proposals with reference to the Board’s corporate goals and objectives;
- 6.3 either: (i) to determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management; or (ii) to make recommendations to the Board on the remuneration packages of individual executive directors and senior management. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- 6.4 to make recommendations to the Board on the remuneration of non-executive directors;
- 6.5 to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;
- 6.6 to review and approve the compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

- 6.7 to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- 6.8 to ensure that no director or any of his/her associates is involved in deciding his/her own remuneration; and
- 6.9 to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

7. REPORTING

- 7.1 The Remuneration Committee shall report to the Board after each of its meetings.

8. ANNUAL GENERAL MEETING

- 8.1 The Chairman or (if absent) the other member of Remuneration Committee (who must be an independent non-executive director) should attend the annual general meetings of the Company, and handle the shareholders' enquiry on the activities and responsibilities related to the Remuneration Committee at such meetings.

Note: "senior management" refers to the same persons referred to in the Company's annual report. It is the responsibility of the directors of the Company to determine which individual or individuals constitute senior management. Senior management may include directors of subsidiaries, heads of divisions, departments or other operating units within the group as, in the opinion of the Company's directors, is appropriate.