



## **Remuneration Committee** **Terms of Reference**

### **1. Functions**

The Remuneration Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) of Asia Financial Holdings Limited (the “Company”) to:

- (a) review and propose the remuneration policies of the Company and its subsidiaries (collectively the “Group”) for all directors;
- (b) formulate and recommend the remuneration of senior executive staff;
- (c) consider and propose to the Board the remuneration of the Company’s corporate governance committee members.

### **2. Members**

- (a) The Board appoints the Chairperson and members of the Committee and determines their remuneration based on the Committee’s recommendation. The Chairperson should be an independent non- executive director.
- (b) The Committee should have at least three members with the maximum up to five members. The majority of the members should be independent non-executive directors.
- (c) The tenure of the members is two years and retired members are eligible for re-appointment.

### **3. Authority**

The Committee is authorised by the Board to:

- (a) consult the management about the remuneration package of executive directors, non-executive directors and senior management;
- (b) seek advice from external independent professional advisors for market data of executive remuneration and other related rewarding issues (at the expenses of the Group);



- (c) rely upon internal or external advisors for market practice on retirement scheme, benefits in kind and other compensation payments for executives;
- (d) invite other non-committee members to attend any meeting to present, advise or be consulted on matters related to the Group's remuneration policy;
- (e) delegate appropriate authority to the management for execution of the instructions when considered appropriate;
- (f) be provided with sufficient resources to discharge its duties.

#### **4. Responsibilities**

The main responsibilities of the Committee with respect to the Company and its subsidiaries are as follows:

- (a) recommend to the Board on the Company's remuneration policy and structure for the remuneration of all directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (b) review and recommend to the Board on the establishment of the subsidiary's remuneration policy; review the subsequent amendments on the subsidiary's remuneration policy and recommend to the subsidiary's Board for approval;
- (c) recommend to the Board on the remuneration payable to non-executive directors;
- (d) review and approve remuneration proposals from the management with reference to the Board's corporate goals and objectives;
- (e) recommend to the Board on the specific remuneration packages, including benefits in kind, pension rights and compensation payments, payable to individual executive directors and senior management;
- (f) consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere;



- (g) review and recommend 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 relevant contractual terms and is otherwise fair and not excessive;
- (h) review and recommend 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;
- (i) consider and advise the Board on any introduction or major changes related to retirement or long service schemes, incentive programs or compensation packages etc. that will apply to the Group;
- (j) ensure no director or any of his associates is involved in deciding his own remuneration;
- (k) address and deal with such other matters as may be delegated by the Board to the Committee.

## **5. Meetings**

- (a) The Committee shall meet at least once a year and members and Senior Management (Chief Operating Officer and above of the Company; Chief Executive Officer of Asia Insurance) may request a meeting if they think necessary.
- (b) At least two members of independent non-executive director shall constitute a quorum.
- (c) The Head of Human Resources shall be the secretary of the meeting.
- (d) Minutes of the Committee meetings shall be circulated to all members of the Committee and made available upon request to other members of the Board.
- (e) Summary report on the resolved issues, comments or recommendations should be sent to the Board by the Chairperson of the Committee after each Committee meeting. A separate report should be addressed to the Board of Asia Insurance on any relevant issues.



**6. Annual General Meeting**

The Chairperson of the Committee shall attend the Annual General Meeting and be prepared to respond to any shareholder's questions on the Committee's activities.

**7. Review**

The Board shall review at least annually the adequacy of these Terms of Reference and make appropriate amendments, as and when required. Additional review and amendments could be arranged if there is a request by the Committee members on settling urgent matters.

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