

## **Compliance Committee Terms of Reference**

### **1. Functions**

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

- (a) assure that the Company and its subsidiaries (collectively the “Group”) are in compliance with prevailing statutory requirements, guidelines, regulations and best practice codes of the Hong Kong Stock Exchange, Securities and Futures Commission, Insurance Authority, Companies Registry and other regulators and quasi government bodies;
- (b) exercise general management oversight on compliance with the Group’s internal policies;
- (c) develop, enhance and maintain the Group’s compliance culture with regular training, policies and procedures to raise the compliance awareness of staff;
- (d) review and monitor the corporate governance functions and duties so as to ensure a high standard of corporate governance practices in the Group.

### **2. Membership**

- (a) The Board appoints the Chairperson and members of the Committee. The Chairperson shall be a non-executive director.
- (b) The Committee shall have at least three members with the maximum up to six members. The majority of the members should be independent non-executive directors.
- (c) The remunerations of the Chairperson and members are determined by the Board.
- (d) The tenure of the members shall be two years and retiring members are eligible for re-appointment.

### **3. Authority**

The Committee is authorised by the Board to:

- (a) investigate any activity within its terms of reference;

- (b) obtain at the Group's expense external legal or independent professional advice. Such advisor(s) at the invitation of the Committee may attend the Committee meetings as necessary;
- (c) seek information from any employee, member of the management, director, agent, consultant or advisor, external auditor, internal auditor and all such persons will be directed to co-operate with any request made by the Committee;
- (d) be provided with sufficient resources to discharge its duties;
- (e) delegate any of its duties as is appropriate to such person(s) as it thinks fit to execute any compliance work.

#### **4. Responsibilities**

The main responsibilities of the Committee are to:

- (a) recommend to the Board the appointment and/or removal of the Compliance Officer of Asia Financial Holdings Limited ("AFH Compliance Officer") and Compliance Officer of Asia Insurance Company, Limited ("AI Compliance Officer");
- (b) formulate, review, approve and monitor the Group's policies and practices on compliance with legal and regulatory requirements. Such responsibility may be delegated to the AFH Compliance Officer and AI Compliance Officer in collaboration with respective senior management and external consultant;
- (c) supervise the implementation of the compliance management system and monitor functions of the AFH Compliance Officer and AI Compliance Officer;
- (d) review reports prepared by the AFH Compliance Officer, AI Compliance Officer and external consultant (if any) and circulate such reports to members of the Audit Committee;
- (e) review the process on handling complaint cases by the Complaint Officer of Asia Insurance;
- (f) develop and review the Group's policies and practices on corporate governance ("CG") and make relevant recommendations to the Board;
- (g) review and monitor the training and continuous professional development of directors and senior management;
- (h) develop, review and monitor the codes of conduct applicable to employees and directors;

- (i) review the Company's compliance with the CG Code and the Environmental, Social and Governance ("ESG") Reporting Guide set out in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
- (j) review the annual CG Report and ESG Report for the Board's consideration and approval for disclosure;
- (k) prepare and submit a summary report every half-yearly to the Board on the overall compliance performance and corporate governance practices of the Group. A copy of the summary report will be sent to the Audit Committee for its information.

## **5. Meetings**

- (a) The Committee shall meet at least two times a year and members may request a meeting whenever considered necessary.
- (b) At least two members of independent non-executive directors and one executive director from the Company shall constitute a quorum.
- (c) The Chairperson shall invite, as he / she considers appropriate, executive directors, any member of staff, external auditors or any person within the Committee's authority to attend the meeting.
- (d) The AFH Compliance Officer and AI Compliance Officer shall attend the meeting.
- (e) The Company Secretary shall be the secretary of the meeting.
- (f) The Secretary shall circulate Minutes of the Committee meetings to all members of the Committee, the AFH Compliance Officer and AI Compliance Officer. The minutes should also be made available upon request to other members of the Board. The Secretary shall circulate Minutes of the Committee meetings to the Board of Asia Insurance on any relevant issues.
- (g) The Secretary shall circulate comments, recommendations and resolutions, if any, to members of the Committee, the AFH Compliance Officer and AI Compliance Officer. They should also be made available upon request to other members of the Board. A respective set of the report covering items of concern will also be addressed to the Board of Asia Insurance regarding operational and financial compliance for its implementation and follow up.

## **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 periodically review the adequacy of these Terms of Reference and make appropriate amendments, as and when required.

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