



ARES ASIA LIMITED

安域亞洲有限公司

(Incorporated in Bermuda with limited liability)

(Stock code:645)

TERMS OF REFERENCE OF REMUNERATION COMMITTEE

1. Membership

- 1.1. Members (“Members”) of the Remuneration Committee shall be appointed by the Board. The Remuneration Committee shall be made up of at least three Members and there should be an odd number of Members. The Chairman does not have a second or casting vote.
- 1.2. Majority of Members shall be independent non-executive Directors.
- 1.3. Only Members have the right to attend Remuneration Committee meetings. Other individuals such as the chairman of the Board, other Directors and representatives from finance or human resources functions of the Group and professional advisers, may be invited to attend all or part of any meeting as and when appropriate.
- 1.4. The Board shall appoint the Chairman who shall be an independent non-executive Director. In the absence of the Chairman and/or an appointed deputy, the remaining Members present shall elect one of the Members who shall be an independent non-executive Director to chair the meeting.
- 1.5. Each Member shall disclose to the Remuneration Committee:
 - (a) any personal financial interest (other than as a Shareholder) in any matter to be decided by the Remuneration Committee; or
 - (b) any actual or potential conflict of interest arising from a cross-directorship.

Any such Member shall abstain from voting on resolutions of the Remuneration Committee in relation to which such actual or potential conflict of interest exists and from participating in the discussions concerning such resolutions, and shall (if so required by the Board) resign from the Remuneration Committee.

2. Secretary

- 2.1. The Company Secretary or his nominee shall act as the secretary of the Remuneration Committee (the “Secretary”).
- 2.2. The Remuneration Committee may from time to time appoint any other person with appropriate qualification and experience as the Secretary.

3. Quorum, Attendance at Meetings and Resolutions

- 3.1. The quorum necessary for the transaction of business shall be two Members. A duly convened meeting of the Remuneration Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Remuneration Committee.
- 3.2. Members may participate in a meeting by means of a telephone or video conference or similar communications equipment by means of which all persons participating in the meeting are capable of hearing each other.
- 3.3. Resolutions of the Remuneration Committee at any meetings shall be passed by a majority of votes of the Members present.
- 3.4. A resolution in writing signed by all the Members shall be as valid and effectual as if it had been passed at a meeting of the Remuneration Committee duly convened and held.

4. Frequency and Conduct of Meetings

- 4.1. The Remuneration Committee shall meet at least once a year and otherwise as required.
- 4.2. The Chairman shall convene a meeting upon request by any Member.

- 4.3. An agenda and accompanying board papers should be sent in full to all Members in a timely manner and at least 3 days before the intended date of a meeting of the Remuneration Committee (or such other period as agreed by the majority of its Members).
- 4.4. Senior Management is obliged to supply the Remuneration Committee with adequate information in a timely manner, in order to enable it to make informed decisions. The information supplied must be complete and reliable. Where a Member requires more information than is volunteered by Senior Management, the relevant Member should make additional necessary enquiries. Each Member shall have separate and independent access to the Senior Management.

5. Minutes of Meetings

- 5.1. The Secretary shall keep all minutes of all the proceedings and resolutions of all meetings of the Remuneration Committee, including recording the names of those present and in attendance. Minutes of meetings of the Remuneration Committee shall record in sufficient detail the matters considered by the Remuneration Committee and decisions reached, including any concerns raised by each Member and participant of any meeting of the Remuneration Committee or dissenting views expressed.
- 5.2. Full minutes of the Remuneration Committee's meetings shall be kept by the Secretary, and such minutes shall be available for inspection at any reasonable time on reasonable notice by any Director or Member.
- 5.3. Draft and final versions of minutes of such meetings should be sent to all Members for their comment and records respectively, in both cases within a reasonable time after such meetings.

6. Annual General Meeting

- 6.1. The Chairman should, as far as practicable, attend the annual general meeting and make himself available to respond to any questions on the Remuneration Committee's activities. In the absence of the Chairman, another Member or failing that a duly appointed delegate of such Member should attend the annual general meeting.

7. Responsibility, Powers and Discretion

The Remuneration Committee shall have the following responsibilities, powers and discretion:

- 7.1. to make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and Senior Management and on the establishment of a formal and transparent procedure for developing remuneration policy.
- 7.2. to advise and make recommendations to the Board on the remuneration packages of Directors and Senior Management and the Board shall have the authority to approve the remuneration packages of the Directors and Senior Management. The Remuneration Committee shall consider factors such as salaries paid by comparable companies, time commitment and responsibilities and employment conditions of the Directors and Senior Management and remuneration levels within the Group.
- 7.3. to review and approve any remuneration offered by the Group with reference to corporate goals and objectives resolved by the Board from time to time.
- 7.4. to review and approve compensation payable to executive Directors and Senior Management for any loss or termination of office or appointment to ensure that it is consistent with the relevant contractual terms and is otherwise fair and not excessive.
- 7.5. to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct in order to ensure that they are consistent with relevant contractual terms and are otherwise reasonable and appropriate.
- 7.6. to ensure that no Director or any of his associates (as defined in the Listing Rules) is involved in deciding his own remuneration.
- 7.7. to advise Shareholders on how to vote with respect to any service contracts of Directors that require Shareholders' approval under the Listing Rules.
- 7.8. to make recommendations to the Board on the remuneration of non-executive Directors.

- 7.9. to review the Group's policy on expense reimbursements for the Directors and Senior Management.
- 7.10. to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

In carrying out its duties under these terms of reference, the Remuneration Committee should:

- 7.11. consult the chairman of the Board and/or the chief executive officer about their remuneration proposals for other executive Directors.
- 7.12. provide the packages needed to attract, retain and motivate executive Directors of the quality required, but avoid paying more than is necessary for this purpose.
- 7.13. be sensitive to the wider scene, including pay and employment conditions within the Group and comparable companies especially when determining annual salary increases.
- 7.14. ensure that share options offered by the Company to its Directors or Senior Management (if any) are in accordance with Chapter 17 of the Listing Rules, as applicable.

Without prejudice to the generality of the terms of reference to the Remuneration Committee set out above, the Remuneration Committee shall:

- 7.15. operate the Company's share option schemes (if any) or other incentives schemes (if any) as they apply to, and recommend to the general meeting of Shareholders grants of options to be made to Directors and/or Senior Management. It shall recommend to the Board the total aggregate amount of any grants to employees (with the specific grants to individuals to be at the discretion of the Board) and make amendments to the terms of such schemes (subject to the provisions of the schemes relating to amendment).
- 7.16. liaise with the trustee of any employee share scheme which is created by the Company for the benefit of employees, Senior Management and Directors.
- 7.17. review the terms of executive Directors' service contracts from time to time.
- 7.18. advise the Board in relation to the preparation of the Board's remuneration report (if any) to Shareholders.

8. Reporting Responsibilities

- 8.1. Without prejudice to the generality of the duties of the Remuneration Committee set out in these Terms, the Remuneration Committee shall report back to the Board and keep the Board fully informed of its decisions and recommendations, unless there are legal or regulatory restrictions on its ability to do so.
- 8.2. The Remuneration Committee shall make whatever recommendations to the Board it deems appropriate on any area within its Terms where action or improvement is needed.

9. Authority

- 9.1. The Remuneration Committee is authorised by the Board to seek any remuneration relating information it requires from Senior Management in order to perform its duties.
- 9.2. The Remuneration Committee is authorised to obtain, at the Company's expense, independent outside legal or other professional advice on any matter within its Terms.
- 9.3. The Remuneration Committee shall be provided with sufficient resources to discharge its duties.

10. Terms available

- 10.1. The Remuneration Committee shall make available these Terms on the Stock Exchange's website and the Company's website, thereby explaining its role and the authority delegated to it by the Board.

Definitions

For the purposes of these terms of reference (“Terms”), the following expressions shall have the following meanings unless the context otherwise requires:

Board	the board of directors of the Company
Chairman	the chairman of the Remuneration Committee
Company	Ares Asia Limited, a company incorporated in Bermuda with limited liability whose registered address is located at Clarendon House, Church Street, Hamilton HM 11, Bermuda, as it is renamed from time to time
Company Secretary	the company secretary of the Company
Directors	the directors of the Company
Group	the Company and its subsidiaries
Listing Rules	Rules Governing the Listing of Securities on the Stock Exchange
Remuneration Committee	remuneration committee established by resolution of the Board
Senior Management	the chairman, chief executive officer, company secretary and any other officer of the Group determined by the Board from time to time as senior management of the Company
Shareholder(s)	the shareholder(s) of the Company
Stock Exchange	The Stock Exchange of Hong Kong Limited