



**China Flavors and Fragrances Company Limited**  
**中國香精香料有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*  
(Stock Code: 3318)

## **REMUNERATION COMMITTEE**

### **Terms of Reference**

#### **1. Membership**

- 1.1 The Remuneration Committee (the “Committee”) shall comprise at least three independent non-executive directors and an executive director of China Flavors & Fragrances Company Limited (the “Company”) to be appointed by the board of directors (the “Board”) of the Company.
- 1.2 The Chairman of the Committee shall be an independent non-executive director of the Company.
- 1.3 The company secretary of the Company shall be the secretary of the Committee.

#### **2. Attendance at meetings**

- 2.1 The Committee may invite any director, executive or other person to attend any meeting(s) of the Committee as it may from time to time consider desirable to assist the Committee in the attainment of its objective.
- 2.2 Any member of the Committee may participate in any meeting of the Committee by means of a conference telephone, electronic or other communications equipment through which all persons participating in the meeting can communicate with each other simultaneously and instantaneously and, for the purpose of counting a quorum, such participation shall constitute presence at a meeting as if those participating were present in person.

#### **3. Meetings and Quorum**

- 3.1 The Committee shall meet with such frequency as it may consider appropriate (but at least once in any financial year). The Chairman of the Committee or in his absence another member of the Committee, shall give an oral report to the Board after each meeting.
- 3.2 The quorum for meetings of the Committee shall be two.
- 3.3 The proceedings of the meetings of the Committee are governed by the provisions contained in the Company’s Bye-laws for regulating the proceedings of the directors of the Company.



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#### **4. Authority**

- 4.1 The purpose of the Committee is to set the remuneration policy of the Company and its subsidiaries (collectively referred to the “Group”) and the remuneration of those senior executives whose appointment requires Board approval within the responsibilities specified herein. The Committee should consult the Chairman and/or the chief executive officer of the Company about their remuneration proposals for other executive directors.
- 4.2 The Committee shall be supported by the executives of Human Resources Department and remuneration committees of the Company’s subsidiaries and is authorised by the Board to, at the costs and expenses of the Company, obtain independent professional advice if necessary, provided the costs and expenses to be incurred shall be subject to the prior approval of the Board (such approval not to be unreasonably withheld or delayed).

#### **5. Responsibilities**

- 5.1 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.
- 5.2 To review and approve the management’s remuneration proposals with reference to the Board’s corporate goals and objectives.
- 5.3 To make recommendations to the Board the remuneration packages of individual executive directors and senior management including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment.
- 5.4 To make recommendations to the Board on the remuneration of non-executive directors.
- 5.5 To consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group.
- 5.6 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 contractual terms and is otherwise fair and not excessive .
- 5.7 To review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with



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contractual terms and are otherwise reasonable and appropriate.

- 5.8 To ensure that no director or any of his associates is involved in deciding his own remuneration.
- 5.9 To address and deal with such other matters as may be delegated by the Board to the Committee.
- 5.10 To delegate such of its powers as the Committee deems appropriate to the management of the Group.

## **6. Written resolutions**

A resolution in writing signed by all members of the Committee shall be as valid and effectual as if a resolution had been passed at a meeting of the Committee duly convened and held provided that a copy of such resolution has been given or the contents thereof communicated to all members of the Committee for the time being entitled to receive notices of the meetings of the Committee in the same manner as notices of meetings of the Committee are required to be given and further provided that no member of the Committee is aware of or has received any objection to the resolution from any other member of the Committee. Such resolution may be contained in one document or in several documents in like form each signed by one or more of the members of the Committee and for this purpose a facsimile signature of a member of the Committee shall be treated as valid.

## **7. Revision and review**

This terms of reference shall be reviewed in accordance with the Listing Rules. Any amendment shall be recommended to the Board for approval.

Hong Kong, March 2012