

**C.P. POKPHAND CO. LTD.**  
(the “Company”)

**Terms of Reference  
of  
Remuneration Committee  
(the “Committee”)**

(as adopted on 13 September 2005 and amended on 9 August 2010 and 27 March 2012)

**CONSTITUTION**

- The Committee has been set up by the board of directors of the Company (the “Board”) on 13 September 2005.
- Subject to the regulations contained in the Companies Act 1981 of Bermuda, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the bye-laws of the Company (the “Bye-Laws”), the procedures of the Committee shall be regulated by the provisions set out in these terms of reference.
- These terms of reference with regard to the authority and duties of the Committee have been approved by the Board on 27 March 2012 which replaced the previously adopted terms of reference of the Committee dated 9 August 2010. The Board has the authority to review and amend the terms of reference from time to time.

**MEMBERSHIP**

- Members of the Committee shall be appointed by the Board from time to time. The majority of the members of the Committee shall be independent non-executive directors of the Company as required under the Listing Rules.
- The chairman of the Committee shall be an independent non-executive director and appointed by the Board. If no such member is nominated, the Committee shall elect one of the members, who should be an independent non-executive director, as the chairman of the Committee.
- The company secretary or any person nominated by the Committee shall be the secretary of the Committee.
- A member who wishes to retire or resign from the Committee shall serve sufficient prior written notice to the Company. A member who ceases to be a member of the Board shall immediately and automatically cease to be a member of the Committee.

## **COMMITTEE MEETINGS**

- Unless otherwise stipulated herein, the meetings and proceedings of the Committee shall be governed by the provisions contained in the Bye-Laws for regulating the meetings and proceedings of the Board.
- The quorum for a meeting of the Committee shall be two members.
- The Committee shall meet at least once every year. Additional meetings shall be held as the work of the Committee demands. It is expected that a Committee meeting will normally involve the active participation, either in person or through other electronic means of communication, of a majority of members entitled to attend.
- Seven days' notice of any meeting of the Committee, or such shorter notice as may be agreed by the members, will be given by the secretary specifying the place, date, time and agenda of the meeting.
- The Committee may, from time to time, invite external advisors or consultants to attend the Committee meetings to advise its members.
- If a member has a conflict of interest in a matter to be considered by the Committee which the Committee has determined to be material, the interested member shall not vote on that matter at the relevant meeting of the Committee.
- Minutes of the Committee meetings should be kept by the secretary of the Committee and such minutes should be open for inspection at any reasonable time on reasonable notice by any member or director of the Company.

## **AUTHORITY, DUTIES AND FUNCTIONS**

The Committee shall:-

- Formulate a formal and transparent procedure for developing remuneration policy of all directors and senior management for approval by the Board. Such policy shall consider salaries paid by comparable companies, time commitment, responsibilities and employment conditions elsewhere in the group. Management's remuneration proposals shall make reference to corporate goals and objectives adopted by the Board from time to time.
- Establish guidelines for the recruitment of chief executive and senior management.

- Recommend to the Board on the Company's policy and structure for all directors' and senior management remuneration whilst ensuring that no director or any of his associates is involved in deciding on his own remuneration.
- Determine the remuneration packages of individual directors and senior management, including benefits in kind, fees, salaries, allowances, bonuses, incentive payments, share options, pension rights and compensation payments (including any compensation payable for loss or termination of their office or upon appointment). The determination of the Committee should be made in consultation with and taking recommendations from the chairman of the Board and other advisers, as appropriate, and submitted for endorsement by the entire Board.
- Review and approve the compensation arrangements for any loss or termination of office of directors and senior management or upon their appointment, or upon their dismissal or removal for misconduct to ensure that such arrangements are consistent with contractual terms and are otherwise reasonable and appropriate.
- Determine the general guidelines for the annual staff remuneration review and the criteria for assessing employee performance, which should reflect the Company's business objectives and targets.
- Consider the annual performance bonus for directors, senior management, and staff, taking into account their achievements against relevant performance criteria and market norms, and make recommendation to the Board on such, ensuring that remuneration is competitive wherever the Company operates and at a level which will enable the Company to attract, retain and motivate directors and senior management of the appropriate calibre.
- Engage external professional advisors and consultants to assist and/or advise the Committee on such issues as it considers necessary at the Company's expenses. The Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any advisors or consultants to the Committee.
- The Committee shall form a view in respect of service contracts that require shareholders' approval and advise shareholders of the Company (other than shareholders who are directors with a material interest in the service contracts and their associates) as to whether the terms are fair and reasonable, and whether such contracts are in the interests of the Company and its shareholders as a whole and on how to vote.
- The chairman of the Committee or another member shall attend the annual general meetings of the Company and be prepared to answer questions concerning the remuneration of any director.
- Do any such things to enable the Committee to discharge its powers and functions conferred on it by the Board.

- Conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by legislation.
- Make recommendations on any other issues as requested by the Board.

## **REPORTING PROCEDURES**

- The Committee should report back to the Board on their findings and recommendations or decisions made, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).