


NVC LIGHTING HOLDING LIMITED
雷士照明控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2222)

Terms of Reference for Remuneration Committee

As amended, 26 March 2012

Functions and Objectives

The Remuneration Committee (the “**Committee**”) is appointed by the board of directors of the Company (the “**Board**”) with a view to:

1. Establishing and applying a formal and transparent procedure for setting policy on remuneration for executive directors and senior management, and for setting the remuneration packages for each individual director and senior manager. Senior management as per current company structure includes chief executive officer, chief financial officer, vice president and general manager or above;
2. Ensure that procedures and principles for setting packages of each individual director and senior manager are proper so that the levels of remuneration of directors commensurate with their qualifications and competencies, and that such remuneration is sufficient to attract and retain the directors and senior management but not excessive;and
3. Determine the overall remuneration level of other employees other than directors and senior management, including annual overall adjustment and budget.

Composition

1. The Committee must be formed by at least three members of Board with a majority of independent non-executive directors. The chairman of the Committee shall be an independent non-executive director appointed by the Board. The Committee should consult the Chairman of the Company on their proposals and their views relating to remuneration of other executive directors and senior management. The Committee can appoint the secretary of the Board or other person to be the secretary of their meetings.
2. Members of the Committee shall disclose to the Committee, if
 - (a) there is any personal interest involved in the matter to be discussed (apart from any interest as shareholder of the Company)
 - (b) there is any conflict of interest, and shall not involved in the discussion or vote when there is such conflict of interest, otherwise (if required by the Board) they must resign from the Committee.

Proceedings of Meetings

The Committee shall meet at least once every year.

When necessary or as requested by any Committee member, the Committee can conduct meetings by conference call or email exchange or any other means that the Committee thinks is proper. Any resolution signed by all Committee members by post, fax or email exchange shall have equal standing as the original.

Authorities

1. The Committee is authorized by the Board, to enquire and obtain information about directors and senior management's remuneration package. The officers of the Company shall provide full cooperation upon request.
2. The Committee is authorized by the Board to delegate its power and authority to the CEO or senior management of the Company.
3. The Committee is authorized by the Board to obtain outside independent professional advice when necessary at the expense of the company. The Committee shall be exclusively responsible for establishing the selection criteria and standard for selecting, appointing and setting the terms for any external party who advises the Committee.

Duties

The Committee is obliged to report to the Board on their decisions or recommendations. The duties of the Committee are as follows:

1. Review and approve policies and procedures in relation to employee remuneration;
2. To recommend to and advise the Board on remuneration policy and structure for all directors and senior management. Establish a formal and transparent procedure and remuneration policy for all directors and senior management;
3. To review and approve the senior management's remuneration proposals with reference to the Board's corporate goals and objectives;
4. Determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management, and recommend to the Board on remuneration packages for non-executive directors. The Committee shall take into account remuneration packages of other similar companies for similar positions, time commitment and responsibilities of each director and senior manager, the remuneration level of the Company, and whether and how such remuneration shall be tied to each individuals performance;
5. 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;

6. Review and approve 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;
7. Review and approve annual salary adjustments for employees other than directors and senior management, and authorize the chief executive officer and human resource department to execute;
8. Ensure that no director or any of his associates is involved in deciding his own remuneration;
9. Advise shareholders on how to vote with respect to any service contracts of directors that require shareholders' approval under the Listing Rules; and
10. To perform any other duty regarding the function of the Remuneration Committee prescribed by applicable laws, regulations and rules, as amended from time to time, which set forth obligations for the Company to comply with.

In respect of the above, the Committee shall,

1. Establish an appropriate but not excessive remuneration package to enable the Company to attract, recruit and encourage the right talent;
2. To ensure an appropriate annual review and adjustment of overall salaries, so that the level of compensation will be in line with market conditions and inflation levels;
3. To obtain the opinion and advice from the Company's chairman or CEO regarding the executive director's remuneration package; and
4. To ensure any Employee Option Scheme complies with the Listing Rules of the Hong Kong Stock Exchange.

Conduct of meeting

1. An agenda and accompanying documents should be sent in full by Chairman (or his appointed person) of the Committee to all members in a timely manner and at least 3 days before the intended date of a meeting of the Committee (or such other period as agreed or waived by its members).
2. Full minutes of the Committee's meetings shall be kept by a duly appointed secretary of the meeting, and such minutes shall be available for inspection at any reasonable time on reasonable notice by any Director.