

NOVO GROUP LTD.
(the “Company”)

REMUNERATION COMMITTEE
TERMS OF REFERENCE

Purpose

1. The remuneration committee (“**RC**”) function is to consider and determine, within these terms of reference, all matters concerning the Company’s directors (“**Directors**”) and senior management remuneration program.

Constitution

2. The RC is established pursuant to a resolution passed by the board of Directors (“**Board**”) at its meeting.

Composition

3. The RC shall comprise at least 3 Directors, a majority of which should be independent non-executive Directors.
4. Where, by virtue of any vacancy in the membership of the RC for any reason, the number of members of the RC is reduced to less than 3, the Board shall, within 3 months thereafter, appoint such number of new members to the RC as may be required to make up the minimum number of 3. Any new member appointed shall hold office for the remainder of the term of office of the member of the RC in whose place he is appointed.

Meetings

5. The chairman and members of the RC shall be appointed by the Board and the chairman of the RC shall be an independent non-executive Director.
6. The RC shall meet at least once a year and other as required.
7. Seven days’ notice, or such shorter notice as may be agreed by members, shall be given by the RC secretary, specifying the place, time and agenda of the meeting.
8. The quorum necessary for the transaction of the business of the RC shall be 2, provided that a majority shall be independent.

9. If, at any meeting the chairman is not present within 15 minutes after the time appointed for holding the meeting, the members present may choose one of the other independent members to be chairman of the meeting.
10. In case of an equality of votes, the chairman of the meeting shall have a second or casting vote.
11. A resolution in writing, signed by all the members for the time-being entitled to receive notice of a meeting of the RC, shall be as valid as effectual as if it had been passed at a meeting of the RC duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more members.
12. Minutes of all proceedings of meetings of the RC shall be recorded by the secretary and circulated to all the members. The minutes are to be signed by the chairman of the meeting. The minute books shall be kept by the secretary and shall be opened for inspection by any Director of the Company's Board.
13. The chairman of the RC shall report on the proceedings of the RC to the Board by way of submission of minutes of the RC meetings or by such other mode as the chairman shall in his discretion deem fit.
14. The company secretary or some other person as resolved from time to time by the RC shall be the secretary of the RC.

Authority

15. The RC may exercise the following powers:
 - (a) to review any proposed service contract and remuneration packages and terms of employment for each Director and senior management before such contract is entered into and to make recommendation to the Company's human resources department for any changes to the proposed terms of such contract;
 - (b) to make recommendations regarding the remuneration, bonuses and welfare benefits of the Directors and the senior management as are competitive and appropriate to attract, retain and motivate Directors and senior management of the required quality to run the Company successfully;
 - (c) to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, if it considers this necessary;

- (d) to exercise such powers as the RC may consider necessary and expedient so that their duties herein below can be properly discharged; and
- (e) The RC should be provided with sufficient resources to discharge its duties.

Responsibilities

16. The principal responsibilities of the RC shall be to:

- (a) review and recommend to the Board the Company's policies and structure for all Directors and senior management remuneration as are competitive and appropriate to attract, retain and motivate Directors and senior management of the required quality to run the Company successfully and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (b) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (c) either :
 - (i) to determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management; or
 - (ii) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board on the remuneration of non-executive Directors. The RC should also consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;

- (d) 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;
- (e) 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; and
- (f) ensure that no Director or any of his associates is involved in deciding his own remuneration.

17. In reviewing and recommending remuneration, the RC shall take into

account the following:

- (a) The performance-related elements of remuneration should be designed to align interests of executive Directors with those of shareholders and link rewards to corporate and individual performance. There should be appropriate and meaningful measures for the purpose of assessing executive Directors' performance.
- (b) The remuneration of non-executive Directors should be appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the Directors.
- (c) In the case of service contracts, there should be a fixed appointment period for all executive Directors. Service contracts should not be excessively long or with onerous removal clauses. The RC should review what compensation commitments the Directors' contracts of service, if any, would entail in the event of early termination.
- (d) The costs and benefits of any long-term incentive schemes are to be carefully evaluated. In normal circumstances, offers of shares or granting of options or other forms of deferred remuneration should vest over a period of time. The use of vesting schedules, whereby only a portion of the benefits can be exercised each year, is also strongly encouraged. Directors should be encouraged to hold their shares beyond the vesting period, subject to the need to finance any costs of acquisition and associated tax liability.

Restriction

- 18. No Director shall be allowed to take part in proceedings to decide on his own remuneration.