

**南京熊猫电子股份有限公司**  
**NANJING PANDA ELECTRONICS COMPANY LIMITED**

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

(Stock Code: 00553)

**NANJING PANDA ELECTRONICS COMPANY LIMITED**  
**RULES OF PROCEDURE OF THE REMUNERATION AND**  
**APPRAISAL COMMITTEE OF THE BOARD OF DIRECTORS**

(Amended in March 2013)

**Chapter I General Provisions**

**Article 1**

In order to establish and maintain a sound appraisal and remuneration management system for the Directors (excluding the independent non-executive Directors) and senior management members of Nanjing Panda Electronics Company Limited (the "Company") and improve the governance structure of the Company, the Company has set up the Remuneration and Appraisal Committee and formulated these Rules of Procedure in accordance with the "Company Law of the People's Republic of China", the "Code of Corporate Governance for Listed Companies", the listing rules of the places where the Company's shares are listed, the Articles of Association of the Company and other relevant regulations.

**Article 2**

The Remuneration and Appraisal Committee is a specialized organization established by the Board of Directors, primarily responsible for formulating and reviewing the remuneration policies and plans regarding the Directors and senior management members, formulating the assessment criteria on Directors and senior management members and conducting appraisal.

**Article 3**

The Directors herein referred are the Chairman and Vice-Chairman of the Board of Directors and other directors of the Company, all of who receive remuneration from the Company. The senior management members herein referred are the general manager, deputy general manager, chief accountant and secretary to the Board of Directors appointed by the Board of Directors.

## Chapter II Composition

## Article 4

## Article 5

## Article 6

## Article 7

## Article 8

### **Chapter III Terms of Reference**

#### **Article 9**

The Remuneration and Appraisal Committee is mainly responsible for:

- (1) making recommendations to the Board of Directors on the policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (2) reviewing and approving the management's remuneration proposals with reference to the corporate goals and objectives set by the Board of Directors;
- (3) formulating the remuneration plan or scheme based on the main scope, responsibilities and importance of the management position of the Directors and senior management members as well as the remuneration levels of the other relevant positions in other relevant enterprises; the remuneration plan or scheme mainly includes, but not limited to, the main plans and systems regarding performance assessment criteria, procedure and key assessment system, rewards and punishment; this should include benefits in kind, pension rights (if any) and compensation payments (including any compensation payable for loss or termination of their office or appointment);
- (4) making recommendations to the Board of Directors on the remuneration of non-executive Directors;
- (5) considering factors such as salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;
- (6) reviewing and approving 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;

- (7) reviewing and approving compensation agreements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- (8) ensuring that no Director or any of his associates is involved in deciding his own remuneration;
- (9) reviewing the performance of duties of Directors (excluding the independent non-executive Directors) and senior management members and conducting annual performance assessment;
- (10) responsible for supervising the implementation of the Company's remuneration system;
- (11) other matters as delegated by the Board of Directors.

**Article 10**

The Board of Directors shall have right to veto any remuneration plan or scheme that goes against shareholders' interests.

**Article 11**

The resolutions made by the Remuneration and Appraisal Committee shall be submitted to the Board of Directors for approval before implementation.

**Chapter IV Decision-making Procedure and Determining Basis**

**Article 12**

The Remuneration and Appraisal Committee is responsible for preliminary preparation work to facilitate the Board of Directors in making decisions relating to remuneration and appraisal and providing the relevant information, including but not limited to:

- (1) the performance of the Company's key financial target and operation target;
- (2) scope of work of the senior management members and their main duties;
- (3) the performance of Directors and senior management members in meeting indicators of the performance appraisal system;

- (4) the innovation capability, profitability and operation performance of the Directors and senior management members;
- (5) the basis regarding the estimation of the Company's remuneration distribution plan and distribution method prepared in accordance with the Company's achievements.

#### **Article 13**

The appraisal procedures of the Remuneration and Appraisal Committee on the Directors and senior management members are as follows:

- (1) Directors and senior management members shall perform self-assessment and report to the Remuneration and Appraisal Committee;
- (2) The Remuneration and Appraisal Committee shall assess the performance of Directors and senior management members in accordance with the performance assessment criteria and procedure;
- (3) The Remuneration and Appraisal Committee shall propose the remunerations and rewards for Directors and senior management members in accordance with the position performance assessment results and the remuneration and distribution policies of the Company.

#### **Article 14**

Directors and senior management shall be remunerated based on their relevant positions and duties. Their remunerations are reviewed based on their individual performance by the Remuneration and Appraisal Committee.

### **Chapter V Rules of Procedure**

#### **Article 15**

The Remuneration and Appraisal Committee shall meet at least once a year and notify all the members three (3) days before convening the meeting. Such meetings shall be presided over by the chairman. Where the chairman is unable to attend, he may authorize other members (independent non-executive Directors) to preside.

- Article 16** The Remuneration and Appraisal Committee's meetings can only be convened with the attendance of two-thirds or more of the members. Each member of the Committee shall be entitled to one vote and the resolutions adopted at meetings shall be approved by the majority of all the members.
- Article 17** In the Remuneration and Appraisal Committee's meetings, members may vote by show of hands or by poll and, for extraordinary meetings, written resolutions may be accepted in lieu of holding a meeting. The written resolutions may become effective only with the approval of the majority of all the members of the Committee.
- Article 18** When necessary, the Remuneration and Appraisal Committee may invite other Directors, supervisors and other senior management members of the Company to attend its meetings as observers.
- Article 19** The Remuneration and Appraisal Committee may engage intermediary institutions professional opinions in respect of their decision making. All the expenses incurred thereby shall be borne by the Company.
- Article 20** Whenever the Remuneration and Appraisal Committee discusses issues in relation to member(s) of the Committee, the person(s) concerned shall excuse themselves from the meeting.
- Article 21** The convening procedure, the method of voting and the remuneration policies and distribution plans passed at the meetings of the Remuneration and Appraisal Committee shall comply with the requirements of the laws, regulations, the Articles of Association of the Company and these Rules of Procedure.
- Article 22** There shall be minutes of the meetings of the Remuneration and Appraisal Committee and the members attending the meeting shall sign on the minutes. The meeting minutes shall be kept by the secretary-general of the Remuneration and Appraisal Committee.

**Article 23** The resolutions adopted at the meetings of the Remuneration and Appraisal Committee shall be reported in writing to the Board of Directors of the Company.

**Article 24** All the members present at the meetings of the Remuneration and Appraisal Committee are obliged to keep all the items discussed at the meetings confidential and shall not disclose any relevant information without permission.

## **Chapter VI Supplementary Provisions**

**Article 25** The power of interpretation of the Rules of Procedure shall be vested in the Company's Board of Directors.

**Article 26** Any matters not mentioned in these Rules of Procedure shall be carried out in accordance with the relevant state laws, administrative regulations, departmental regulations, the Articles of Association of the Company and the Listing Rules of Shanghai Stock Exchange and of Hong Kong Stock Exchange.

In the event of any conflict between these Rules of Procedure and any laws, regulations or departmental regulations subsequently promulgated by the State or the amended Articles of Association of the Company or the Listing Rules as amended from time to time, the latter shall prevail.

**Article 27** These Rules of Procedure shall become effective from the date of approval by the Board of Directors.

**Board of Directors of Nanjing Panda Electronics Company Limited**  
March 2013

*Note:* This Terms of Reference and Rules of Procedures was originally drafted in Chinese, the English translation is for your reference only. In case there is any discrepancy between the Chinese and English version, the Chinese version shall always prevail.