

南京熊猫電子股份有限公司
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 SUPERVISORY COMMITTEE

Chapter I General Provisions

Article 1

These Rules are formulated in accordance with the “Company Law”, the Articles of Association of the Company and other relevant regulations in order to normalize the discussion methods and procedures of the Supervisory Committee of Nanjing Panda Electronics Company Limited (the “Company”), ensure scientific and correct decision-making of the Supervisory Committee, and enable the Supervisory Committee to effectively exercise its functions.

Article 2 These Rules shall be binding on all supervisors of the Company.

Chapter II Composition of the Supervisory Committee

Article 3

The Supervisory Committee shall be composed of three members, of whom one member shall act as the chairman of the Supervisory Committee. The term of office for the supervisors shall be three years and all supervisors shall be eligible for re-election.

Article 4 The Supervisory Committee shall have one chairman,
whose appointment and dismissal shall be made by
a resolution passed by more than two-thirds of the
members of the Supervisory Committee.

Article 5

The Supervisory Committee shall comprise two (2) representatives of the employees and one (1) representative of the shareholders. Employees' representatives shall be elected and removed democratically by the employees while shareholders' representatives shall be elected and removed at a general meeting.

Chapter III Supervisors

Article 6

A person in any of the following circumstances may not serve as the Company's supervisor:

- (1) a person who does not have or who has limited capacity for civil conduct;
- (2) a person who has been found guilty for corruption, bribery, unauthorized appropriation of property or misappropriation of property or other crimes which destroy the social economic order, and has been the subject of the sentence for which not more than five (5) years have lapsed since the sentence was served, or a person who has been deprived of his political rights and no more than five years have lapsed since the sentence was served;
- (3) a person who is a former director, factory manager or president of a company or enterprise which has been dissolved or put into liquidation as a result of mismanagement and who was personally liable for the winding up of such company or enterprise, where no more than three years have elapsed since the date of completion of the insolvent liquidation of the company or enterprise;
- (4) a person who is a former legal representative of a company or enterprise the business license of which was revoked due to violation of law and who is personally liable for such revocation, where no more than three years have elapsed since the date of the revocation of the business license;
- (5) a person who bears a relatively large amount of debts which have fallen due and outstanding;
- (6) a person who is currently under investigation by the judicial authorities for violation of criminal law, and the legal procedures are pending;
- (7) a person who, according to laws and administrative regulations, cannot act as a leader of an enterprise;
- (8) a person other than a natural person;

(9) a person who has been adjudged by the competent authority for violation of relevant securities regulations and such conviction involves a finding that such person has acted fraudulently or dishonestly, where not more than five years have lapsed from the date of such conviction;

(10) a person in other circumstances may not serve as the Company's supervisor.

Article 7 None of the directors, general manager, deputy general manager(s), chief accountant and other senior management members may hold concurrent post of supervisor.

Article 8 Supervisors may attend the meetings of the Board of Directors as non-voting participants.

Article 9 Supervisors may receive certain remunerations, the amount of which shall be determined at the general meeting of the Company.

Article 10 Supervisors shall have the right of information without violation of the interests of the Company.

Article 11 The supervisors shall perform duties as provided in relevant laws, administrative regulations, the listing rules of the stock exchange where the Company's shares are listed and the Articles of Association.

Chapter IV Duties of the Supervisory Committee

Article 12 The Supervisory Committee shall be accountable to the general meetings and exercise the following functions and powers in accordance with laws:

- (1) to review the Company's financial matters;
- (2) to oversee whether the directors, general manager and other senior management members act in compliance with the laws, administrative regulations and the Articles of Association;

- (3) to demand any director, general manager or any other senior management members who acts in a manner which is harmful to the Company's interest to rectify such behaviour;
- (4) to verify the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the Board of Directors to the general meetings and, should any queries arise, to appoint, in the name of the Company, certified public accountants and practising auditors for re-examination;
- (5) to propose the convening of an extraordinary general meeting;
- (6) to represent the Company in negotiation with or bringing an action against a director;
- (7) other functions and powers specified in the Articles of Association or delegated by the general meetings.

Article 13

The reasonable expenses incurred by the Supervisory Committee in the exercise of its functions and powers shall be borne by the Company.

Chapter V Notice of Meeting

Article 14

The Supervisory Committee shall convene at least one meeting every six (6) months, which shall be convened by the chairman of the Supervisory Committee.

Article 15

Notice of meeting shall be served on all supervisors in writing ten (10) days before the convening of the meeting, in which the time, place and agenda of the meeting shall be stated.

Article 16

In case of emergency, an extraordinary meeting of the Supervisory Committee may be convened when proposed by more than one-third of supervisors or the chairman of the Supervisory Committee.

Notice of an extraordinary meeting of the Supervisory Committee shall be served on all supervisors in time before the convening of the meeting, but necessary time for preparation shall be given the participating supervisor. Notice of an extraordinary meeting of the Supervisory Committee may be delivered in manners other than in writing.

Article 17

If a supervisor has attended the meeting and protested for not receiving such notice, it shall be deemed that the notice of the meeting has been delivered to him/her.

Chapter VI Resolutions of the Supervisory Committee

Article 18

As long as the participating supervisors can hear clearly what the other supervisors are saying and are involved in communicative exchange with each other, a regular meeting of the Supervisory Committee may be held by teleconference or by way of similar telecommunication devices, and all participating supervisors shall be deemed as attending the meeting in person.

Article 19

A meeting of the Supervisory Committee may be held only if more than two-thirds of the supervisors (including the supervisor who is appointed to vote as a proxy on behalf of any other supervisor) attend.

Article 20

Each supervisor has a ballot for voting. Resolutions of the Supervisory Committee shall be passed by more than two-thirds of the members of the Supervisory Committee.

Article 21

A supervisor shall attend meetings of the Supervisory Committee in person or appoint in written other supervisor to attend the meeting on his/her behalf due to his/her absence. The scope of authorization shall be specified in the power of attorney.

The supervisor attending the meeting on other's behalf shall only exercise the rights within the power of attorney. Should a supervisor neither attend a meeting of the Supervisory Committee nor appoint another supervisor to attend on his behalf, the said supervisor shall be deemed as waiving his voting rights at the meeting.

Article 22

The Supervisory Committee may agree to consider and approve resolutions in written form instead of convening meetings. Draft of such resolutions shall be delivered to each supervisor by special delivery, mail, telegraph or fax. If such resolution has been delivered to all supervisors, signed and approved by supervisors above quorum, and delivered to the secretary to the Board of Directors by one of the aforesaid means, they will be passed as a resolution of the Supervisory Committee without convening a meeting of the Supervisory Committee.

Article 23

The minutes of the meetings of the Supervisory Committee and resolutions of the Supervisory Committee passed without convening a meeting of the Supervisory Committee shall be in Chinese. Minutes for each meeting of the Supervisory Committee shall be reviewed by all supervisors as soon as possible, and supervisors who would like to make amendment to the minute shall report his amendment advice in written to the chairman of the Supervisory Committee within one week upon receipt of the minutes. The minutes shall be signed by supervisors attending the meetings and the minutes-taking officer.

The minutes of the Supervisory Committee meeting shall be kept at the registered address of the Company.

Chapter VII Supplementary Provisions

Article 24

These Rules shall be effective after being approved at the general meeting of the Company, and shall be appended to the Articles of Association.

The power of interpretation of these Rules shall vest in the Supervisory Committee.

Article 25

Should there be discrepancy between these Rules and the laws, administrative regulations and rules from relevant authorities promulgated by the State or Articles of Association, the State laws, administrative regulations, rules from authorities and Articles of Association shall prevail.

Other matters not contained in these Rules shall be handled in accordance with the provisions of the State laws, administrative regulations, rules from authorities and Articles of Association; and if there are no relevant provisions, the matters shall be submitted to the general meeting for consideration as suggested by the Supervisory Committee.