

**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  
EVALUATION COMMITTEE**

(Considered and approved at the eighth meeting of the fourth session of the Board  
on 17 October 2002)

(Amended at the seventh meeting of the seventh session of the Board on 27 March 2013)

**NANJING PANDA ELECTRONICS COMPANY LIMITED**  
**RULES OF PROCEDURE OF THE REMUNERATION AND**  
**EVALUATION COMMITTEE**

(Amended in March 2013)

**Chapter I General Provisions**

- Article 1                    In order to further establish a robust evaluation and remuneration management system of the Directors (excluding the independent non-executive Directors) and senior management members of Nanjing Panda Electronics Company Limited (“Company” or “the Company”) and perfect the Company’s governance structure, the Company shall, in accordance with the Company Law of the People’s Republic of China, Code of Corporate Governance for Listed Companies in China, listing rules of the places where the Company’s shares are listed, Articles of Association of the Company and other relevant regulations, set up the Remuneration and Evaluation Committee and formulate this Rules of Procedure.
- Article 2                    The Remuneration and Evaluation Committee is a specialized organ established by the Board of Directors and mainly responsible for formulating and reviewing the remuneration policies and plans regarding the Directors and senior management members, formulating the appraisal standards on Directors and senior management members and conducting the appraisal.
- Article 3                    The Directors herein-referred are the paid Chairman and Vice-chairman of the Board of Directors, directors of the Company. The senior management members herein-referred are the general manager, vice general manager, chief accountant and secretary of the Board of Directors employed by the Board of Directors.

## **Chapter II Personnel Composition**

- Article 4                   The Remuneration and Evaluation Committee shall be composed of three to five Directors and the majority of the members of the Committee shall be independent non-executive Directors.
- Article 5                   The members of the Remuneration and Evaluation Committee shall be nominated by the Chairman of the Board of Directors and the majority of the independent non-executive Directors or one-third of all Directors, and shall be elected by the Board of Directors.
- Article 6                   The Remuneration and Evaluation Committee shall have one head who shall be an independent non-executive Director and responsible for presiding over the Remuneration and Evaluation Committee. The head shall be nominated by the Chairman of the Board of Directors among the members of the Committee, and shall be elected by the Board of Directors.
- Article 7                   The members of Remuneration and Evaluation Committee shall serve the term of three years. Upon expiration of the term of office, a member may remain in office upon reappointment. The Board of Directors has right to make adjustment in the members of the Committee at any time. In the event that a member of the Committee ceases to be a director of the Company during his term of membership, his membership on the Committee shall lapse immediately. The Board of Directors shall, in accordance with this Rules of Procedure, make up the number of members of the Committee.
- Article 8                   The Remuneration and Evaluation Committee shall have one secretary-general responsible for daily liaison and meeting organization etc.

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

#### **Article 9**

The Remuneration and Evaluation 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 concluded 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 standard, procedure and main 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 authorized by the Board of Directors.

Article 10

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

Article 11

The resolutions made by the Remuneration and Evaluation 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 Evaluation Committee is responsible for completing the preparatory work for the Board of Directors in making remuneration and appraisal decisions and offering the following relevant materials, including but not limited to:

- (1) The performance of the Company's main financial target and operation target;
- (2) Scope of work of the senior management members and their main responsibilities;
- (3) The performance of Directors and senior management members in meeting targets in 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 evaluation procedures of the Remuneration and Evaluation 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 Evaluation Committee of the Board of Directors;
- (2) The Remuneration and Evaluation Committee shall conduct the performance appraisal on Directors and senior management members in accordance with the performance assessment standard and procedure;
- (3) The Remuneration and Evaluation Committee shall propose the remuneration amount and rewards for Directors and senior management members in accordance with the position performance assessment results and remuneration distribution policies.

Article 14

Directors and senior management staff were paid based on their relevant positions and duties. Their remunerations were reviewed based on their performance by the Remuneration and Evaluation Committee.

## **Chapter V Rules of Procedure**

- Article 15           The Remuneration and Evaluation Committee shall meet at least once a year and notify all the members three (3) days before convening the meeting. The meeting shall be presided over by the head. Where the head is unable to attend, he may authorize other members (independent non-executive Directors) to preside over.
- Article 16           The Remuneration and Evaluation Committee's meeting may 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 in the meeting shall be approved by the majority of all the members.
- Article 17           In the Remuneration and Evaluation Committee's meeting, members may vote by the show of hands or by poll and, in the case of ad hoc meetings, written proposals in lieu of meeting. The written proposals may become effective only with the approval of the majority of all the members of the Committee.
- Article 18           When necessary, the Remuneration and Evaluation Committee may invite the Company's Directors, supervisors and other senior management members to attend its meeting as observers.
- Article 19           The Remuneration and Evaluation Committee may hire intermediary institutions to provide the professional opinions in respect of their decisions making. All the expenses incurred thereby shall be borne by the Company.



- Article 20 Whenever the Remuneration and Evaluation 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, method of voting and the resolutions passed in the meetings of the Remuneration and Evaluation Committee shall comply with the regulations of the laws, regulations, Articles of Association of the Company and this Rules of Procedure.
- Article 22 There shall be the minutes of the meetings of the Remuneration and Evaluation 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 Evaluation Committee.
- Article 23 The resolutions adopted in the meetings of the Remuneration and Evaluation Committee shall be reported in writing to the Company's Board of Directors.
- Article 24 All the members present at the meetings of the Remuneration and Evaluation Committee are obliged to keep all the items discussed in the meetings confidential and shall not disclose any relevant information without permission.

## **Chapter VI Supplementary Provisions**

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

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

Where this Rules of Procedure contravenes the laws, regulations and 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 national relevant laws, administrative regulations, departmental regulations, Articles of Association of the Company and Listing Rules shall prevail.

Article 27                   This Rules of Procedure shall become effective as of the date of approval by the Board of Directors.

**Board of Directors of Nanjing Panda Electronics Company Limited.**

27 March, 2013