



宝德科技集团股份有限公司

POWERLEADER SCIENCE & TECHNOLOGY GROUP LIMITED*

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

(Stock code: 8236)

Terms of Reference and Job Specifications of the Remuneration and Appraisal Committee under the Board of Directors

Chapter 1 General Provisions

- Article 1 In order to further optimize the remuneration and appraisal management system of Powerleader Science & Technology Group Limited (hereinafter referred to as the “Company”) for the directors and senior management members, and perfect the corporate governance structure, the Company has set up the Remuneration and Appraisal Committee under the Board of Directors and formulated these Terms of Reference and Job Specifications in compliance with the Company Law of the People’s Republic of China, the Code of Corporate Governance for Listed Companies, the Articles of Association of Powerleader Science & Technology Group Limited (hereinafter referred to as the “Articles of Association”) and other relevant stipulations.
- Article 2 The Remuneration and Appraisal Committee is specifically established by the Board of Directors to take charge of formulating and examining the remuneration policy and scheme for the directors and the senior management members of the Company as well as the standards of appraising the directors and the senior management members of the Company, and conduct the appraisal.
- Article 3 The senior management members refer to the general manager, the deputy general manager, the chief finance officer, the secretary to the Board of Directors, the other senior management members identified by the regulatory body or the Board of Directors.

Chapter 2 Composition of Personnel

- Article 4 The Remuneration and Appraisal Committee shall comprise not less than three directors and more than half of its members shall be the independent non-executive directors.
- Article 5 The Remuneration and Appraisal Committee shall be appointed by the Board of Directors.
- Article 6 The Chairman (Convener) of the Remuneration and Appraisal Committee shall be a committee member who is an independent non-executive director. The Chairman of the Committee work shall be appointed by the Board.

Article 7 The tenure of the members of the Remuneration and Appraisal Committee shall be same as that of the Board of Directors. The member is eligible for re-election upon expiry of tenure. During the tenure, in the event the member ceases to be a director of the Company due to resignation or other reasons, he shall automatically lose his qualification for being a committee member. The Board shall appoint new committee members according to the Articles of Association and these Terms of Reference and Job Specifications.

Article 8 When the number of committee members is less than two-thirds of the quorum, the Board of the Company shall appoint new committee members promptly. Before the number of committee members reaches two-thirds of the quorum, the committee shall cease to exercise tentatively its power stipulated by these terms of reference and job specifications.

Article 9 The specific work of the Remuneration and Appraisal Committee shall be undertaken by the human resources department of the Company, which shall provide the committee members with the necessary information on the operation of the Company and the information on the personnel being appraised. The secretary to the Board shall take charge of the specific coordination between the Remuneration and Appraisal Committee and the Board of Directors.

Chapter 3 Duties and Authorities

Article 10 The main duties and powers of the Remuneration and Appraisal Committee are as follows:

- (1) to consult the Chairman and/or the general manager about their remuneration proposal for other executive directors;
- (2) to make recommendations to the Board of Directors on the Company's policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (3) to review and approve the management's remuneration proposals with reference to the corporate goals and objectives of the Board of Directors;
- (4) to make recommendations to the Board of Directors 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;
- (5) to make recommendations to the Board of Directors on the remuneration of non-executive directors;
- (6) to consider salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the group;

- (7) to 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;
- (8) to 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;
- (9) to ensure that no director or any of his associates is involved in deciding his own remuneration;
- (10) To prepare the draft of the share incentive scheme of the Company for submission to the Board of Directors for consideration; to verify whether it is in line with compliance in the course of implementing the share incentive scheme and whether it satisfies the conditions for exercising the right;
- (11) to study the appraisal standards for the directors, the senior management members and other personnel, proceed with the appraisal and make recommendations;
- (12) to take charge of supervising the execution of the remuneration system of the Company, and verify the authenticity, accuracy and completeness of the remuneration disclosure of the directors, the supervisors and the senior management members in the annual report of the Company;
- (13) Other matters authorized by the Board.

Article 11 The Remuneration and Appraisal Committee shall be accountable to the Board of Directors. The resolution prepared by the committee shall be submitted to the Board of Directors for review and determination. The Board shall be entitled to object the remuneration scheme which harms the benefits of the shareholders.

Article 12 The remuneration scheme for the directors of the Company proposed by the Remuneration and Appraisal Committee shall be reported to the Board of Directors for approval and submission to the general meeting of shareholders for consideration and approval prior to its implementation. The remuneration allocation scheme for the senior management members of the Company shall be implemented only after approval by the Board of Directors.

Chapter 4 Decision-making Procedures

Article 13 In the first quarter of each reporting year, the Remuneration and Appraisal Committee shall prepare the working plan for that year, which shall be adopted at the committee meeting before reporting to the Board of Directors for approval. The appraisal and evaluation and the report on proposed remuneration shall be completed in the first quarter after the end of each reporting year for submission to the Board of Directors for review.

Article 14 The human resources department of the Company takes charge of organizing and coordinating the relevant departments, and provides the Remuneration and Appraisal Committee with the relevant information required for performing its duties and powers:

- (1) To provide the Company the status of achieving the major financial goals the operation goals;
- (2) The scope of respective work of the senior management members of the Company and the major duties;
- (3) To provide the status of achievement of the goals being part of the director and the senior management member performance appraisal system;
- (4) To provide the relevant assessing grounds for the preparation of the remuneration allocation planning and allocation method based on the results of the Company;
- (5) to draft and submit the initial plan and scheme related to the remuneration planning and the performance appraisal based on the relevant principles, assumptions and requirements proposed by the Remuneration and Appraisal Committee;
- (6) To provide the Supervisory Committee with the opinion on the audit evaluation.

Article 15 The appraisal procedure of the Remuneration and Appraisal Committee for the directors and the senior management members: Each year, the committee shall regularly conduct an appraisal and evaluation, which will usually be completed in the first quarter after the end of the reporting year. If it involves an appointment of director and the employment of senior management members, it may proceed with the project appraisal and evaluation, which shall be completed within fifteen days before convening the Board meeting or the general meeting of shareholders. The procedure is as follows:

- (1) The directors and the senior management members shall report to the Remuneration and Appraisal Committee on their own performance of duties, coupled with self-evaluation;
- (2) The Remuneration and Appraisal Committee shall proceed with the performance appraisal for the directors and the senior management members based on the standards and the procedure of performance appraisal;
- (3) Based on the outcome of the job performance evaluation and the remuneration allocation policy, to propose the amount of remuneration and means of incentive for the directors and the senior management members for the recommendation should be reported to the Board of Directors once it is passed.

Chapter 5 Rules of Procedures

- Article 16 The meetings of the Remuneration and Appraisal Committee are classified as regular meetings and extraordinary meetings. The regular meeting shall be convened at least once a year. All the committee members shall be informed five days before convening the meeting. If proposed by the member of the Remuneration and Appraisal Committee, the extraordinary meetings may be convened at any time and presided over by the Chairman of the committee. If the Chairman of the committee is unable to attend the meeting, another committee member (an independent non-executive director) shall be entrusted to preside over the meeting.
- Article 17 The meeting of the Remuneration and Appraisal Committee shall be held only with more than two-thirds of the committee members attending the meeting; each committee member shall have one voting right; the resolution of the meeting shall be passed by more than half of all the committee members.
- Article 18 The means of voting at the meeting of the Remuneration and Appraisal Committee shall be by a show of hands or by poll; the extraordinary meeting may adopt the voting by means of telecommunication.
- Article 19 If necessary, other directors, supervisors and the senior management members of the Company, as well as the professional consultants and legal adviser of the Company may be invited to attend the meeting of the Remuneration and Appraisal Committee. The manager of the operation and management department of the Company may attend the meeting of the Remuneration and Appraisal Committee, which does not involve matters prohibiting the attendance of those who are not members of the Board.
- Article 20 If necessary, the Remuneration and Appraisal Committee may employ the intermediaries to provide independent professional advice on its decision making, with the costs to be paid by the Company.
- Article 21 Where motion discussed during meeting of the Remuneration and Appraisal Committee is related to the committee member, the member concerned shall not attend such meeting.
- Article 22 When the Remuneration and Appraisal Committee convenes the meeting, the relevant directors and the senior management members may be required to be present at the meeting to report on their own performance of duties or to be questioned and such personnel shall not refuse.
- Article 23 The procedure of convening the meeting of the Remuneration and Appraisal Committee, the means of voting and the adoption of the remuneration policy and allocation scheme at the meeting shall comply with the provisions of relevant laws, regulations, the Articles of Association and these Terms of Reference and Job Specifications.

- Article 24 All matters required to be decided or judged by the Remuneration and Appraisal Committee (no matter whether it is adopted at the meeting) shall be reported to the Board of Directors for review. Those committee members with objection shall be entitled to present their statement at the Board meeting.
- Article 25 The meeting of the Remuneration and Appraisal Committee shall be recorded. The committee members attending the meeting shall sign the minutes which shall be kept by the securities development department of the Company for a term of not less than five years.
- Article 26 The resolutions and the summary (record) of the meeting of the Remuneration and Appraisal Committee shall be reported to the Board of Directors in writing after the end of the meeting.
- Article 27 The committee members and the personnel attending the meeting shall have the obligation of keeping the matters discussed at the meeting confidential, and shall not disclose the relevant information without the authorization of the Chairman or the Board of Directors. Otherwise, they shall bear the corresponding liability.
- Article 28 The Remuneration and Appraisal Committee shall be provided with sufficient resources in order to perform its duties.
- Article 29 The Remuneration and Appraisal Committee shall publicize its terms of reference on the Growth Enterprise Market Website and the website of the Company, and give an account of its roles and the powers which the Board has delegated to the committee.

Chapter 6 By-laws

- Article 30 Anything not fully covered by these Terms of Reference and the Job Specification herein shall be executed according to the provision of relevant laws, administrative regulations, departmental rules and the Articles of Association. If these Terms of Reference and Job Specifications due to amendments of relevant laws, administrative regulations, or the Articles of Association, or changes of the operation conditions of the Company, recommendations on the amendments shall be made by the Board of Directors and submitted to the Board of Directors for approval.
- Article 31 These Terms of Reference and Job Specifications shall be interpreted by the Board of Directors as authorised by shareholders' general meeting and shall come into force from the date of approval by the Board of Directors.

Board of Directors of
Powerleader Science & Technology Group Limited
March 2012

In case of any discrepancies or inconsistency between the English and Chinese version of these Terms of Reference and Job Specifications, the Chinese version prevails.