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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **Nanjing Panda Electronics Company Limited**, you should at once hand this circular and the accompanying supplemental form of proxy to the purchaser or other transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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## **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)

- (1) PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES OF  
THE GENERAL MEETING**
- (2) PROPOSED AMENDMENTS TO THE ADMINISTRATIVE MEASURES ON  
RELATED PARTY TRANSACTIONS**
- (3) ON ADJUSTMENT OF THE REMUNERATION POLICY FOR THE  
DIRECTORS OF THE TENTH SESSION OF THE BOARD OF DIRECTORS,  
THE SUPERVISORS OF THE TENTH SESSION OF THE SUPERVISORY  
COMMITTEE AND THE SENIOR MANAGEMENT PERSONNEL WHOSE  
TERM OF OFFICE IS SAME AS THE TENTH SESSION OF THE BOARD OF  
DIRECTORS OF THE COMPANY**
- AND**
- (4) NOTICE OF THE 2022 THIRD EXTRAORDINARY GENERAL MEETING**

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Capitalized terms used in this cover page shall have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 1 to 5 of this circular. A notice of the 2022 third EGM to be held on Thursday, 22 December 2022 at 2:30 p.m. at the Company's Conference Room, 7 Jingtian Road, Nanjing, the People's Republic of China is set out on page EGM-1 to EGM-2. Whether or not you are able to attend and vote at the EGM, please complete and return the accompanying proxy form in accordance with the instructions printed thereon to the Company's H Share Registrar, Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong or the office of the Company as soon as possible and in any event not less than 24 hours before the time of the EGM. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM should you so wish.

8 December 2022

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## DEFINITIONS

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*In this circular, the following expressions shall have the following meanings unless the context otherwise requires:*

“A Share(s)”	the domestic ordinary share(s) of the Company, with a nominal value of RMB1.00 each, which are subscribed for or credited as paid up in Renminbi, and which are listed on the Shanghai Stock Exchange
“A Shareholders”	holders of the A Shares of the Company
“Articles of Association”	the articles of association of the Company
“Board” or “Board of Directors”	the board of Directors
“Company”	Nanjing Panda Electronics Company Limited (南京熊猫电子股份有限公司), a joint stock company incorporated in the PRC with limited liability, whose H shares are listed on the Main Board of the Stock Exchange and A shares are listed on the Shanghai Stock Exchange
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held on Thursday, 22 December 2022 to consider and approve, among other matters, the Proposed Amendments and Adjustments
“H Share(s)”	the ordinary share(s) of the Company, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“PRC”	the People’s Republic of China (for the purpose of this circular, excluding Hong Kong, Macau and Taiwan)
”Rules of Procedures”	the Rules of Procedures of the General Meeting and the Rules of Procedures of the Supervisory Committee
”Rules of Procedures of the General Meeting”	the rules of procedures of the general meeting of the Company

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## DEFINITIONS

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"Rules of Procedures of the Supervisory Committee"	the rules of procedures of the supervisory committee of the Company
"Proposed Amendments and Adjustments"	proposed amendments and adjustments to the remuneration policy for the Directors of the tenth session of the Board of Directors, the supervisors of the tenth session of the supervisory committee and the senior management personnel whose term of office is same as the tenth session of the Board of Directors and its appendices (i.e. the Rules of Procedures of the General Meeting and the Administrative Measures on Related Party Transactions)
"RMB"	Renminbi, the lawful currency of the PRC
"Shareholder(s)"	holder(s) of the share(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

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LETTER FROM THE BOARD

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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)

*Executive Directors*

Mr. Zhou Guixiang (*Chairman*)

Mr. Xia Dechuan

Mr. Hu Huichun

*Registered Address:*

7 Jingtian Road

Nanjing, the PRC

*Office Address:*

7 Jingtian Road

Nanjing, the PRC

Postal Code: 210033

*Non-executive Directors*

Mr. Shen Jianlong

Mr. Deng Weiming

Mr. Yi Guofu

*Independent Non-executive Directors*

Mr. Dai Keqin

Ms. Xiong Yanren

Mr. Chu Wai Tsun, Baggio

8 December 2022

*To the Shareholders*

Dear Sir or Madam,

- (1) PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES OF  
THE GENERAL MEETING**
- (2) PROPOSED AMENDMENTS TO THE ADMINISTRATIVE MEASURES ON  
RELATED PARTY TRANSACTIONS**
- (3) ON ADJUSTMENT OF THE REMUNERATION POLICY FOR THE  
DIRECTORS OF THE TENTH SESSION OF THE BOARD OF DIRECTORS,  
THE SUPERVISORS OF THE TENTH SESSION OF THE SUPERVISORY  
COMMITTEE AND THE SENIOR MANAGEMENT PERSONNEL WHOSE  
TERM OF OFFICE IS SAME AS THE TENTH SESSION OF THE BOARD OF  
DIRECTORS OF THE COMPANY**
- AND**
- (4) NOTICE OF THE 2022 THIRD EXTRAORDINARY GENERAL MEETING**

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## LETTER FROM THE BOARD

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### **I. INTRODUCTION**

References are made to the overseas regulatory announcements of the Company dated 9 November and 1 December 2022 in relation to the Proposed Amendments and Adjustments. The purpose of this circular is to provide the Shareholders with more information regarding, among other matters, the Proposed Amendments.

### **II. PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES OF THE GENERAL MEETING**

The Board has convened the tenth extraordinary meeting of the Board on 1 December 2022 and approved, among others, the resolutions in relation to the proposed amendments.

According to the Rules of Procedures of the General Meetings of Shareholders of Listed Companies (CSRC Notice [2022] No. 13) and the relevant contents and requirements of the Guidelines of the Shanghai Stock Exchange for Self-discipline Supervision of Listed Companies No. 1 – Standard Operation, the Company proposed to amend the relevant provisions of the Rules of Procedures of the General Meeting in light of the actual conditions of the Company. The details of the Proposed Amendments are set out in the Appendix I on pages 6 to 14 of this circular.

Save for the terms set out in the Appendix I, other terms of the Rules of Procedures of the General Meeting remain unchanged.

The Rules of Procedures of the General Meeting is written in Chinese and there is no official English translation in respect thereof. The English translation is for reference only. In case of any inconsistency between the English and Chinese versions, the Chinese version shall prevail.

The proposed amendments are subject to the approval by the Shareholders by way of special resolutions at the EGM. The Proposed Amendments shall come into effect upon the approval from the Shareholders at the EGM.

### **III. PROPOSED AMENDMENTS TO THE ADMINISTRATIVE MEASURES ON RELATED PARTY TRANSACTIONS**

The Board has convened the tenth extraordinary meeting of the Board on 1 December 2022 and approved, among others, the resolutions in relation to the Proposed Amendments.

According to the integration of the systems of CSRC and Shanghai Stock Exchange, the Company has made amendments for completeness and adaptability to the Administrative Measures on Related Party Transactions in light of the actual conditions of the Company for regulating the related party transactions of the Company, guaranteeing the related party transactions between the Company and its related parties are in compliance with the principles of fairness, impartiality and openness,

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## LETTER FROM THE BOARD

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ensuring that the business of the Company will be carried out smoothly through necessary related party transactions and protecting the legal rights and interests of the Shareholders and the Company. The details of the revised version are set out in the Appendix II on pages 15 to 36 of this circular.

The Administrative Measures on Related Party Transactions is written in Chinese and there is no official English translation in respect thereof. The English translation is for reference only. In case of any inconsistency between the English and Chinese versions, the Chinese version shall prevail.

The Proposed Amendments are subject to the approval by the Shareholders by way of special resolutions at the EGM. The revised version shall come into effect upon the approval from the Shareholders at the EGM.

#### **IV. ADJUSTMENT OF THE REMUNERATION POLICY FOR THE DIRECTORS OF THE TENTH SESSION OF THE BOARD OF DIRECTORS, THE SUPERVISORS OF THE TENTH SESSION OF THE SUPERVISORY COMMITTEE AND THE SENIOR MANAGEMENT PERSONNEL WHOSE TERM OF OFFICE IS SAME AS THE TENTH SESSION OF THE BOARD OF DIRECTORS OF THE COMPANY**

At the 2020 annual general meeting of the Company convened on 29 June 2021, the Company considered and approved the cap of RMB8,000,000 for the total annual remuneration of the Directors, supervisors and senior management personnel of the Company, and authorised the Board of Directors to determine the remuneration of the relevant Directors of the tenth session of the Board of Directors, the relevant supervisors of the tenth session of the supervisory committee, and the senior management personnel (whose term of office is same as the tenth session of the Board of Directors), subject to such cap.

In order to further implement the relevant requirements of the three-year reform of state-owned enterprises and the tenure mechanism and contractual management, continuously improve the incentive and restraint mechanism of the Company, earnestly perform the duties stipulated by laws and regulations and the Articles of Association, safeguard the interests of the Company and Shareholders as a whole, fully mobilize the enthusiasm and creativity of the operators, continuously improve the economic efficiency of the Company, and promote the high-quality development of the Company in light of the actual situation of the Company and the characteristics of the industry, it is proposed to adjust the remuneration policy for the Directors of the tenth session of the Board of Directors, the supervisors of the tenth session of the supervisory committee and the senior management personnel whose term of office is same as the tenth session of the Board of Directors of the Company, details of which are as follows:

1. It is proposed that the Directors and supervisors who serve in the entity(ies) which is(are) shareholders of the Company and its(their) subsidiary(ies) (excluding the Company and its subsidiaries) shall not receive remuneration from the Company.

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## LETTER FROM THE BOARD

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2. It is proposed that the annual remuneration of the independent Directors shall be RMB120,000/person and such annual remuneration shall be pre-tax income.
3. It is proposed that Directors and employee representative supervisors who hold management positions or assume management responsibilities in the Company shall receive remuneration based on their specific management positions or specific management responsibilities in the Company, and the Company shall not pay separate remuneration for Directors and supervisors.
4. Except for the aforesaid Directors and supervisors, the remuneration of other Directors and supervisors mainly consists of basic salary, post salary and performance salary. Basic salary and post salary shall be approximately RMB300,000 per year (before tax), which shall be determined based on post responsibilities and division of tasks; and performance salary shall be calculated based on scoring based on various weighting coefficients, taking into account the achievement of key annual operating indicators, completion of key tasks and compliant operation of the Company. In addition, remuneration shall also be subject to changes in market conditions.
5. The management of remuneration for the senior management personnel of the Company shall be subject to the Administrative Measures for Remuneration of Senior Management Officers of Nanjing Panda.
6. In accordance with relevant requirements of the Articles of Association and the Rules of Procedure of the Remuneration and Appraisal Committee, and based on the operating results, scope of work, main duties and other information, the Remuneration and Appraisal Committee shall appraise the actual performance of the Directors and senior management and submit the appraisal results to the Board of Directors for consideration, which shall be organized and implemented by the general manager based on the views of the Board of Directors after such consideration. The remuneration of the Directors and supervisors shall be determined at general meetings while that of the senior management personnel by the Board of Directors.
7. The Company may, based on the annual production, operation and economic benefits, offer special rewards to the Directors, supervisors and senior management personnel who have made outstanding contributions to the growth of economic benefits, completion of major strategic tasks and promotion of high-quality development of the Company, which shall be implemented after being approved by the Remuneration and Appraisal Committee of the Company.

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## LETTER FROM THE BOARD

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8. The remuneration of the Directors, supervisors and senior management personnel shall be disclosed in accordance with the information disclosure system and regulatory requirements of listed companies. The remuneration of the Directors, supervisors and senior management personnel disclosed in the annual report of the Company shall be in line with the total remuneration income before tax paid during such accounting year.
9. The above Proposed Amendments to the remuneration policy for the Directors of the tenth session of the Board of Directors, the supervisors of the tenth session of the supervisory committee and the senior management personnel whose term of office is the same as the tenth session of the Board of Directors shall be subject to Shareholders' approval at an EGM and shall be effective from the date of approval at the general meeting.

### V. 2022 THIRD EGM

A notice convening the 2022 third EGM to be held on Thursday, 22 December 2022 at 2:30 p.m. at the Company's Conference Room, 7 Jingtian Road, Nanjing, the People's Republic of China, a proxy form and reply slip for use at the EGM have been issued to the H Shareholders.

A notice setting out the resolutions to be resolved at the EGM is set out on pages EGM-1 to EGM-2 of this circular. Whether or not you are able to be present at the EGM, please complete and return the accompanying proxy form in accordance with the instructions printed thereon to the Company's H Share Registrar, Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong (in case of holders of H shares) or the office of the Company (in case of holders of A shares) as soon as possible and in any event not less than 24 hours before the time of the EGM. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM should you so wish.

### VI. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by way of poll.

### VII. RECOMMENDATION

The Directors consider that the Proposed Amendments and Adjustments are in the interests of the Company and the Shareholders as a whole, and accordingly, recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM.

By order of the Board  
**Nanjing Panda Electronics Company Limited**  
**Zhou Guixiang**  
*Chairman*

1. COMPARISON CHART OF AMENDMENTS TO RELEVANT PROVISIONS OF THE  
RULES OF PROCEDURES OF THE GENERAL MEETING

No.	Original Articles	Amended Articles
1	<p><b>Article 1</b> These rules are formulated in accordance with <b>the Company Law of the PRC (the “Company Law”), the Articles of Association</b> and other relevant regulations in order to regulate methods and procedures of the general meeting of Nanjing Panda Electronics Company Limited (the “Company”) to ensure powers are exercised according to law, as well as scientific and correct decision-making of the general meeting and to ensure legally and properly exercising rights and performing obligations of the shareholders.</p>	<p><b>Article 1</b> These rules are formulated in accordance with <u>the Company Law of the PRC (the “Company Law”), the Securities Law of the PRC (the “Securities Law”), the Articles of Association of Nanjing Panda Electronics Company Limited (the “Articles of Association”)</u> and other relevant regulations in order to regulate methods and procedures of the general meeting of Nanjing Panda Electronics Company Limited (the “Company”) to ensure powers are exercised according to laws, as well as scientific and correct decision-making of the general meeting and to ensure legally and properly exercising rights and performing obligations of the shareholders.</p>
2	<p><b>CHAPTER 2</b> POWERS AND CONVENING OF THE GENERAL MEETING</p>	<p><b>CHAPTER 2</b> POWERS AND <u>CONVENING</u> OF THE GENERAL MEETING</p>
3	<p><b>Article 4</b> General meetings are classified into <b>annual general meetings</b> and extraordinary general meetings. General meetings shall be convened by the Board of Directors. <b>Annual general meetings</b> are held once every year and within six (6) months from the end of the preceding financial year.</p>	<p><b>Article 4</b> General meetings are classified into <u>annual general meetings</u> and extraordinary general meetings. General meetings shall be convened by the Board of Directors. <u>Annual general meetings</u> are held once every year and within six (6) months from the close of the preceding financial year.</p>
4	<p><b>Article 8</b> Where the supervisory committee or shareholders decide(s) to convene the general meeting by itself/ themselves, it/they shall send out a written notice to the Board of Directors, and shall file with <b>the local office of CSRC at the place where the Company is located and</b> the Stock Exchange(s).</p>	<p><b>Article 8</b> Where the supervisory committee or shareholders decide(s) to convene the extraordinary general meeting by itself/ themselves, it/they shall send out a written notice to the Board of Directors, <u>and shall put on the records of the Stock Exchange(s) simultaneously.</u></p>

No.	Original Articles	Amended Articles
	<p>The shareholding of the convening shareholders shall not be lower than 10% prior to the announcement of the resolutions of the general meeting.</p> <p>The Supervisory Committee and the convening shareholder shall submit relevant evidence to <b>the local office of CSRC at the place where the Company is located and</b> the Stock Exchange(s) upon the issuance of the notice of general meeting and the announcement of the resolutions of the general meeting.</p>	<p>The shareholding of the convening shareholders shall not be lower than 10% prior to the announcement of the resolutions of the general meeting.</p> <p>The Supervisory Committee and the convening shareholder shall <b><u>submit relevant evidence to the Stock Exchange(s)</u></b> upon the issuance of the notice of general meeting and the announcement of the resolutions of the general meeting.</p>
5	<b>CHAPTER 3 NOTICE OF MEETING</b>	<b>CHAPTER 3 NOTICE <u>AND CONVENING OF GENERAL MEETING</u></b>
6	<b>Article 15</b> No decision shall be made on matters not stated in the notice of the general meeting at a general meeting.	<b>Article 15</b> No <b><u>voting or</u></b> decision shall be made on matters not stated in the notice of the general meeting <b><u>or on proposals not in compliance with Article 13 of the Rules</u></b> at a general meeting.
7	<p><b>Article 16</b> The notice and supplemental notice of the general meeting should fully and completely disclose specific contents of all the resolutions and all information or explanation to enable the shareholders to make reasonable judgment on the matters proposed to be discussed. Independent directors should comment on the matters proposed to be discussed and their comments should be disclosed in the notice or supplemental notice of the general meeting. A notice shall:</p> <p>(1) be in writing;</p> <p>.....</p>	<p><b>Article 16</b> The notice and supplemental notice of the general meeting should fully and completely disclose specific contents of all the resolutions and all information or explanation to enable the shareholders to make reasonable judgment on the matters proposed to be discussed. Independent directors should comment on the matters proposed to be discussed and their comments should be disclosed in the notice or supplemental notice of the general meeting. A notice shall:</p> <p>(1) be in writing;</p> <p>.....</p>

No.	Original Articles	Amended Articles
		<p><b><u>The convener shall disclose information required for the shareholders to make reasonable decision on the proposed issue five (5) days prior to the meeting. According to the relevant provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, a notice of the convening of a general meeting to approve the transactions referred to in the relevant circular shall be given to the Shareholders by delivering a circular or a supplemental circular to the Shareholders not less than 10 business days prior to the date of the relevant general meeting.</u></b></p>
8	<p><b>Article 20</b> The venue of a general meeting of the Company shall be the principal place of business of the Company. Meeting venue shall be set for general meetings which shall be convened by way of on-site meetings. The Company will provide conveniences for shareholders to attend general meetings through various means and approaches <b>and will provide priority to modern information technology methods such as online or other voting platform</b>, in order to assure the legality and validity of the general meeting and to expand the proportion of social public shareholders participating in the general meeting. A shareholder who participated in a general meeting in the aforesaid manners shall be deemed to have been present at the meeting. The Company shall confirm the legality and validity of the identification of the shareholders according to the register of shareholders provided by the securities registration and clearing institutions.</p>	<p><b>Article 20</b> The venue of a general meeting of the Company shall be the principal place of business of the Company. Meeting venue shall be set for general meetings which shall be convened by way of on-site meetings. The Company will provide convenience for shareholders to attend general meetings through various means and approaches <b>and will adopt safe, economic and convenient network or other means</b>, in order to assure the legality and validity of the general meeting and to expand the proportion of social public shareholders participating in the general meeting. A shareholder who participated in a general meeting in the aforesaid manners shall be deemed to have been present at the meeting. The Company shall confirm the legality and validity of the identification of the shareholders according to the register of shareholders provided by the securities registration and clearing institutions.</p>

No.	Original Articles	Amended Articles
9	<p><b>Article 22</b> In the event that the general meeting of the Company adopt online transmission or other means, the time and procedures for voting via internet or by other means will be specifically stated in the notice of the general meeting.</p> <p>The beginning time for voting via internet or other means for the general meeting shall not be earlier than 3:00 p.m. of the day prior to the general meeting, and shall not be later than 9:30 a.m. of the day when the onsite general meeting is convened and its closing time shall not be earlier than 3:00 p.m. of the day when the onsite general meeting is closed.</p>	<p><b>Article 22</b> <u>The time and procedures for voting via internet or by other means will be specifically stated by the Company in the notice of the shareholders' general meeting.</u></p> <p>The beginning time for voting via internet or other means for the general meeting shall not be earlier than 3:00 p.m. of the day prior to the general meeting, and shall not be later than 9:30 a.m. of the day when the onsite general meeting is convened and its closing time shall not be earlier than 3:00 p.m. of the day when the onsite general meeting is closed.</p>
10	<p><b>Article 24</b> A shareholder who attends the general meeting shall show his shareholding account voucher, identity card or other valid identification documents which can prove his identity; in case of attending the meeting by appointing a proxy, the instrument appointing the proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing, or if the appointer is a legal entity either under seal or under the hand of a director or attorney duly authorized. Such written power of attorney shall contain the number of shares of the principal represented by proxy.</p>	<p><b>Article 24</b> A shareholder who attends the general meeting shall show his shareholding account voucher, identity card or other valid identification documents which can prove his identity; in case of attending the meeting by appointing a proxy, the instrument appointing the proxy shall be in writing, <u>and the power of attorney shall be</u> under the hand of the appointer or his attorney duly authorized in writing, or if the appointer is a legal entity, <u>the power of attorney shall be</u> under seal or under the hand of a director or attorney duly authorized. Such written power of attorney shall contain the number of shares of the principal represented by proxy.</p>
11	<p><b>Article 35</b> When convening the general meeting of the Company, all directors and supervisors and the secretary to the Board of the Company shall attend the meeting, and the <b>managers</b> and other senior management members shall also be present at the meeting.</p>	<p><b>Article 35</b> When convening the general meeting of the Company, all directors and supervisors and the secretary to the Board of the Company shall attend the meeting, and the <u>general manager</u> and other senior management members shall also be present at the meeting.</p>

No.	Original Articles	Amended Articles
12	<p><b>Article 41</b> When the general meeting votes on a motion to elect directors and supervisors, cumulative voting shall be used in accordance with the regulations of these rules or resolutions passed at the general meeting.</p> <p>Under the aforesaid accumulative voting mechanism, each share carrying voting right is entitled to such number of votes equivalent to the number of candidates for director and supervisor which may be pooled in the course of the election of directors and supervisors at the general meeting.</p>	<p><b>Article 41</b> When the general meeting votes on a motion to elect directors and supervisors, cumulative voting shall be used in accordance with the regulations of the <u>Articles of Association</u> or resolutions passed at the general meeting. <b><u>Cumulative voting system shall be adopted if a single shareholder and its parties in concert are interested in 30% or above of the shares.</u></b></p> <p>Under the aforesaid accumulative voting mechanism, each share carrying voting right is entitled to such number of votes equivalent to the number of candidates for director and supervisor which may be pooled in the course of the election of directors and supervisors at the general meeting.</p>
13	<p><b>Article 50</b> A general meeting shall be <b>convened</b> by the chairman of the board who shall preside as chairman of the meeting. If the chairman of the board cannot attend the meeting for any reasons, the vice chairman shall <b>convene</b> and preside at the meeting as chairman. If the Vice Chairman is unable or fails to perform such duties, a director elected by more than one half of the directors shall convene and preside over the meeting. If a chairman has not been designated, shareholders attending the meeting may elect a person to act as chairman. If for any reason the shareholders cannot elect a chairman, the shareholder with the greatest number of voting shares present at the meeting whether in person or by proxy shall act as chairman.</p>	<p><b>Article 50</b> A general meeting shall be <b><u>presided at</u></b> by the chairman of the board who shall preside as chairman of the meeting. If the chairman of the board cannot attend the meeting for any reasons, the vice chairman shall <b><u>preside at</u></b> the meeting as chairman. If the Vice Chairman is unable or fails to perform such duties, a director elected by more than one half of the directors shall convene and preside over the meeting. If a chairman has not been designated, shareholders attending the meeting may elect a person to act as chairman <b><u>of the meeting</u></b>. If for any reason the shareholders cannot elect a chairman, the shareholder with the greatest number of voting shares present at the meeting whether in person or by proxy shall act as chairman.</p>

No.	Original Articles	Amended Articles
	<p>The general meeting convened by the supervisory committee shall be presided over by the chairman of the supervisory committee. If the chairman of the supervisory committee is unable or fails to perform his/her duties, the vice-chairman of the supervisory committee shall preside at the meeting. If the vice-chairman is unable or fails to perform his/her duties, the meeting shall be presided over by a supervisor elected by half or more the supervisors.</p> <p>Shareholders may convene the meeting themselves and a representative nominated by the convener shall preside over the meeting.</p> <p>When the general meeting is held and the chairman of the meeting violates these Rules which makes it difficult for the general meeting to continue, a person may be elected at the general meeting to act as the chairman of the meeting, subject to the approval of more than half of the shareholders having the voting rights who are present at the meeting.</p>	<p>The general meeting convened by the supervisory committee shall be presided over by the chairman of the supervisory committee. If the chairman of the supervisory committee is unable or fails to perform his/her duties, the vice-chairman of the supervisory committee shall preside at the meeting. If the vice-chairman is unable or fails to perform his/her duties, the meeting shall be presided over by a supervisor elected by half or more the supervisors.</p> <p>Shareholders may convene the meeting themselves and a representative nominated by the convener shall preside over the meeting.</p> <p>When the general meeting is held and the chairman of the meeting violates these Rules which makes it difficult for the general meeting to continue, a person may be elected at the general meeting to act as the chairman of the meeting, subject to the approval of more than half of the shareholders having the voting rights who are present at the meeting.</p>
14	<p><b>Article 52</b> Where the general meeting is considering matters related to a connected transaction, connected shareholders shall not participate in voting and the shares with voting rights which they represent shall not be counted in the total number of valid votes. Announcement on the resolutions passed at the general meeting shall fully disclose the details of voting by the non-connected shareholders.</p>	<p><b>Article 52</b> Where the general meeting is considering matters related to a connected transaction, connected shareholders shall not participate in voting and the shares with voting rights which they represent shall not be counted in the total number of valid votes. Announcement on the resolutions passed at the general meeting shall fully disclose the details of voting by the non-connected shareholders.</p>

No.	Original Articles	Amended Articles
	<p>When material issues affecting the interests of medium and small investors are considered at a general meeting, the votes of medium and small investors shall be counted separately. The separate votes counting results shall be disclosed publicly in a timely manner.</p> <p>The Company’s shares held by itself shall not carry voting rights, and those shares shall not be included in calculating the total number of shares carrying voting rights upon attendance at a general meeting.</p> <p>The Board of Directors, Independent Directors <b>and shareholders who meet the relevant requirements of</b> the Company may collect voting rights from shareholders. Sufficient disclosure of information such as specific voting preferences shall be made to the shareholders from whom voting rights are being solicited. Consideration or other forms of de facto consideration for the solicitation of voting rights from shareholders shall be prohibited. The Company shall not set a minimum shareholding threshold on the solicitation of voting rights.</p>	<p>When material issues affecting the interests of medium and small investors are considered at a general meeting, the votes of medium and small investors shall be counted separately. The separate votes counting results shall be disclosed publicly in a timely manner.</p> <p>The Company’s shares held by itself shall not carry voting rights, and those shares shall not be included in calculating the total number of shares carrying voting rights upon attendance at a general meeting.</p> <p><b><u>If a shareholder purchases voting shares of the Company in violation of the provisions of the first paragraph and the second paragraph of Article 63 of the Securities Law, the voting rights of the shares that exceed the prescribed proportion shall not be exercised within 36 months after such shares are being purchased, and such shares shall not be included in the total number of voting shares represented by the shareholders attending the general meeting.</u></b></p> <p>The Board of Directors, Independent Directors and <b><u>shareholders holding more than 1% shares with voting rights or investor protection institutions established in accordance with laws, administrative regulations or the provisions of the CSRC</u></b> may collect voting rights from shareholders. Sufficient disclosure of information such as specific voting preferences shall be made to the shareholders from whom voting rights are being solicited. Consideration or other forms of de facto consideration for the solicitation of voting rights from shareholders shall be prohibited. The Company shall not set a minimum shareholding threshold on the solicitation of voting rights.</p>

No.	Original Articles	Amended Articles
15	<p><b>Article 57</b> Provided that the ballots shall be counted at the general meeting, the counting results shall be recorded into the minutes of the meeting.</p> <p>.....</p> <p>Directors, secretary to the Board of Directors, convener or its representative and the chairman of the meeting present at the meeting should sign on the minutes of the meeting, and be responsible for the authenticity, accuracy and completeness of the minutes of meetings. Resolutions passed at the general meeting shall be produced in a summary of the meeting. Minutes and summaries of the meeting shall be produced in Chinese. The minutes of the meeting together with valid information including the attendance book for shareholders' signing, the proxy forms for proxies attending the meeting, the Internet and voting by other methods shall be kept at the domicile of the Company for a term not less than 10 years.</p>	<p><b>Article 57</b> Provided that the ballots shall be counted at the general meeting, the counting results shall be recorded into the minutes of the meeting.</p> <p>.....</p> <p>Directors, <b>supervisors</b>, secretary to the Board of Directors, convener or its representative and the chairman of the meeting present at the meeting should sign on the minutes of the meeting, and be responsible for the authenticity, accuracy and completeness of the minutes of meetings. Resolutions passed at the general meeting shall be produced in a summary of the meeting. Minutes and summaries of the meeting shall be produced in Chinese. The minutes of the meeting together with valid information including the attendance book for shareholders' signing, the proxy forms for proxies attending the meeting, the Internet and voting by other methods shall be kept at the domicile of the Company for a term not less than 10 years.</p>
16		<p><b><u>Newly added Article 58</u></b> <b><u>The convener shall ensure that the general meeting is being conducted continually until resolutions have been resulted. In the event of special reasons such as force majeure resulting in the termination of meeting or the failure of resulting in resolutions, necessary measures shall be taken to resume the general meeting as soon as practicable; alternatively, the meeting may be terminated in such circumstances with an announcement timely made. At the same time, the convener shall deliver a report to the branch office of CSRC and the stock exchange at the place where the Company resides.</u></b></p>

No.	Original Articles	Amended Articles
17		<b><u>Newly added Article 73 Announcements, notices or supplemental notices of shareholders' general meetings referred to in the Rules shall mean the announcement of the relevant information disclosure on the media and the website of the stock exchange that meet the conditions prescribed by the CSRC.</u></b>

With the addition of Article 58 and Article 73, the order of the Articles thereafter shall be adjusted accordingly.

**NANJING PANDA ELECTRONICS COMPANY LIMITED  
THE ADMINISTRATIVE MEASURES ON  
RELATED PARTY TRANSACTIONS**

**CHAPTER I GENERAL PROVISIONS**

- Article 1** This Measures is hereby formulated for regulating the related party transactions of Nanjing Panda Electronics Company Limited (hereinafter referred to as the “Company”), guaranteeing the related party transactions between the Company and its related parties in line with the principles of fairness, justice and openness, ensuring that the business of the Company shall be conducted by necessary related party transaction and safeguarding the legal rights and interests of the shareholders and the Company, in accordance with the Company Law of the People’s Republic of China, Securities Law of the People’s Republic of China, Measures for the Administration of Information Disclosure by Listed Companies, Rules Governing the Listing of Stocks on Shanghai Stock Exchange (hereinafter referred to as “Share Listing Rules”), No. 5 Self- Regulation Guidelines for Listed Companies of the Shanghai Stock Exchange – Transactions and Related Party Transactions, the Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited (hereinafter referred to as “SEHK”) and other laws, regulations, normative documents and the relevant provisions of the Articles of Association of Nanjing Panda Electronics Company Limited (hereinafter referred to as the Articles of Association), and in combination with the actual situation of the Company.
- Article 2** This Measures applies to the decision-making for and management of the related party transactions of the Company and its subordinate units.
- Article 3** Related party transactions refer to the matters that may cause the transfer of resources or obligations between the Company, its controlled subsidiary or other controlled entities and a related party of the Company.
- Article 4** A related party transaction of the Company shall have a fair price and appropriate procedures for decision making with standardized information disclosure. The Company shall actively reduce related party transactions through asset restructuring or group listing.
- Article 5** The Audit Committee of the Company shall be responsible for control and management of the related party transactions of the Company.

The Audit Committee shall conduct individual reviews on related party transactions half yearly on a random basis, compare the same with the transactions of independent third parties, and review original copies of relevant orders under each continuing related party transaction agreement and examine the letters in relation to related party transactions issued by the auditor at the time of the annual report.

**Article 6**

The disclosure of related parties and related party transactions provided in the section other than the financial reports of an interim and regular report of the Company shall be subject to the Share Listing Rules, the Rule 2 on Contents and Format of Information Disclosure for Companies Offering Securities – Contents and Format for Annual Reports, the Rule 3 on Contents and Format of Information Disclosure for Companies Offering Securities – Contents and Format for Semi-Annual Reports, and Rules Governing the Listing of Securities of the SEHK.

The disclosure of related parties and related party transactions provided in the financial reports of a regular report shall be subject to the Enterprise Accounting Principles No. 36 – Disclosure of Related Party and Rules Governing the Listing of Securities of the SEHK.

**Article 7**

Related party transactions of the Company shall follow the following basic principles:

- (1) The principles of equality, voluntariness, pricing equality and compensation;
- (2) The principles of fairness, justice and openness;
- (3) Necessary related party transactions shall be strictly regulated in accordance with national laws and regulations;
- (4) In necessary related party transactions, related shareholders and related directors shall abstain from voting as stipulated in the Articles of Association;
- (5) Related party transactions between the Company and related persons shall not harm the legitimate rights and interests of shareholders, especially minority shareholders, and when necessary, independent financial advisers or professional appraisal institutions shall be engaged to express opinions and reports;
- (6) Independent directors are required to clearly express independent opinions on major related party transactions.

**Article 8** The shareholders, directors, supervisors and senior management of the Company shall not damage the Company’s benefits through its related party relationship. Anyone who has caused any loss to the Company due to violation of the preceding paragraph shall be punished and reported to the regulator according to the circumstances besides the compensation.

**CHAPTER II RELATIONSHIP OF RELATED PARTIES**

**Article 9** Related parties of the Company include related legal persons and related natural persons.

**Article 10** A legal person (or other organization) falling into one of the followings is a related legal person (or other organization) of the Company:

- (1) Any legal person (or other organization) that directly or indirectly controls the Company;
- (2) Any legal person (or other organization) other than the Company, its controlled subsidiaries and other controlled entities, that is directly or indirectly controlled by the entities mentioned in (1);
- (3) Any legal person (or other organization), other than the Company, its controlled subsidiaries and other controlled entities, that is directly or indirectly controlled by the related natural person mentioned in this measures or in which the related natural person assumes the position of director (excluding independent directors serving concurrently in both parties) or senior management;
- (4) Any legal person (or other organization) that holds 5% or more of the shares of the Company and persons acting in concert;
- (5) Any other legal person or other organization that, as determined under the “substance over form” principle, has any special relationship with the Company or may cause a disequilibrium of interests of the Company.

**Article 11** Where the Company and the subjects as stated in Item (2) of Article 10 are subject to the same control of a state-owned assets administrative agency, no related party relationship is created thereby, except for the circumstances under which the legal representative, general manager or more than half of the directors of the subjects concurrently acts as the director, supervisor or senior management of the Company.

**Article 12** A natural person falling into one of the followings is considered a related natural person of the Company:

- (1) Any natural person who directly or indirectly holds 5% or more of the shares of the Company;
- (2) The director, supervisor and senior management of the Company;
- (3) The director, supervisor and senior management of the legal person (or other organization) that directly or indirectly controls the Company;
- (4) Family members that have a close relationship with a person specified in Items (1) and (2) of this Article;
- (5) Other natural persons as determined under the “substance over form” principle that have any special relationship with the Company or may cause a disequilibrium of interests of the Company.

**Article 13** A legal person, other organizations or natural person falling into one of the followings is considered a related party of the Company:

- (1) Any person or other organization that, according to the relevant agreements and arrangements concluded with the Company or its related parties, will fall into any of the circumstances as prescribed in Article 10 or Article 12 after the said agreements or arrangements take effect or in the upcoming 12 months;
- (2) Any legal persons, other organizations, or natural persons that have fallen into any of the circumstances as stated in Article 10 or Article 12 in the past 12 months;
- (3) In accordance with the Rules Governing the Listing of Securities on the SEHK, any related party of the Company that has the right to (individually or jointly) exercise or control the exercise 10% or over 10% of the voting right in any shareholders’ meeting of non-wholly owned subsidiaries (the 10% level excludes any indirect interest held by the related party in subsidiaries through the listing issuer). The non-wholly owned subsidiaries and their subsidiaries are the related legal persons of the Company.

**CHAPTER III TYPE OF RELATED PARTY TRANSACTION**

**Article 14** The Company's related party transactions include daily related party transactions and incidental related party transactions.

**Article 15** The daily related party transactions of the Company refer to the Company's related party transactions in relation to daily operations, and include:

- (1) Provision of subcontracting services and comprehensive services;
- (2) Accepting subcontracting services and comprehensive services;
- (3) Sales of materials and parts and components;
- (4) Purchase of materials and parts and components;
- (5) Trademark license agreement;
- (6) Renting workshops and equipment;
- (7) Leasing workshops and equipment;
- (8) Financial business such as deposits and loans with financial company of a related party;
- (9) Other transactions in relation to daily operations.

**Article 16** The incidental related party transactions of the Company include:

- (1) Purchase or sale of assets;
- (2) External investment;
- (3) Provision of financial assistance;
- (4) Provision of guarantee;
- (5) Lease in or out assets;
- (6) Entrusting or being entrusted to manage the assets and operations;

- (7) Donating assets or receiving donated assets;
- (8) Restructuring of creditor's right or debts;
- (9) Signing licensing agreements;
- (10) Transferring or acquiring R&D projects;
- (11) Entrusting or entrusted sales;
- (12) Joint investment with the related party;
- (13) Provision of import and export agency services;
- (14) Accepting factoring;
- (15) Other matters that are in accordance with the "substance over form" principle likely to lead to the transfer of resources or obligations through agreement, including providing a company that jointly invested with the related party with financial aid or guarantee that exceeds its equity or investment proportion, or waiving the right of first refusal or the right to proportionally increase its holding in such jointly invested company with the related party;
- (16) Other incidental related party transactions that comply with the provisions of the Securities Law and the Share Listing Rules.

#### **CHAPTER IV REPORTING OF RELATED PERSONS**

**Article 17** The directors, supervisors, senior management, shareholders holding 5% or more of shares, actual controllers and concert parties of the Company shall inform the Company of their related party relationships with the Company in a timely manner and the Company shall be responsible for registration management.

**Article 18** The Audit Committee of the Company shall confirm the list of related persons of the Company, and report to the Board of Directors and Supervisory Committee.

**Article 19** The Company shall fill out or update the list of its related parties and the related party relationships at the "Listed Companies Section" of the website of the Shanghai Stock Exchange.

**Article 20** A related natural person of the Company shall report the following information:

- (1) Name and the identity document number;
- (2) Description of the related party relationship with the Company etc.

**Article 21** A related legal person of the Company shall report the following information:

- (1) Name and the unified social Credit code of the legal person;
- (2) Description of related party relationship with the Company etc..

**Article 22** The Company shall reveal its relationship with a related party layer by layer and state:

- (1) Full name and unified social credit code (if available) of the controlling party or the party holding its shares;
- (2) Full name and unified social credit code (if available) of the controlled party or the investee;
- (3) The total share capital held by the controlling party or the investing party in the controlled party or the investee.

#### **CHAPTER V DISCLOSURE OF RELATED PARTY TRANSACTION AND DECISION-MAKING PROCEDURES**

**Article 23** Transactions between the Company and related parties that meet the following criteria shall be submitted to the Board of Directors for deliberation and disclosed in a timely manner:

- (1) The transaction between the Company (or controlled subsidiaries) and related natural persons with an amount (including debts and expenses assumed) of more than RMB300,000 (except for guarantees provided by the Company (or controlled subsidiaries)).
- (2) The transaction between the Company (or controlled subsidiaries) and related legal persons (or other organizations) with an amount (including debts and expenses assumed) of more than RMB3 million and accounting for more than 0.5% of the absolute value of the Company's latest audited net assets (except for guarantees provided by the Company (or controlled subsidiaries)).

**Article 24** Transactions between the Company and related parties that meet the following criteria shall be submitted to the shareholders' meeting for deliberation and disclosure:

- (1) The major related party transaction between the Company (or controlled subsidiaries) and related parties with an amount (including debts and expenses assumed) of more than RMB30 million and accounting for more than 5% of the absolute value of the Company's latest audited net assets, shall be submitted to the shareholders' meeting for consideration and disclosure.
- (2) For related party transactions of the Company (or controlled subsidiaries), which do not meet the criteria stipulated in the preceding paragraph, but are submitted to the shareholders' meeting for deliberation as required by the China Securities Regulatory Commission and the Shanghai Stock Exchange in accordance with the principle of prudence, or as required by the Articles of Association or other regulations, or on a voluntary basis, the review procedures and disclosure obligations shall be performed in accordance with the regulations, and relevant audit or evaluation requirements shall also be applied;

**Article 25** Where the Company provides guarantee to related parties, in addition to the consideration and approval by more than half of all non-related directors, it is also subject to consideration, approval and resolution by more than two-thirds of the non-related directors present at the board meeting, and shall be submitted to the shareholders' meeting for consideration. Where the Company provides guarantee to controlling shareholders, de facto controllers and its related parties, controlling shareholders, de facto controllers and its related parties shall provide counter-guarantee. If the guaranteed party becomes a related party of the Company due to a transaction or related party transaction, the Company shall perform the corresponding consideration procedures and information disclosure obligations for the existing related guarantee while executing such transaction or related party transaction. If such related guarantee fails to be approved at the Board meeting or the shareholders' meeting, the parties to the transaction shall take effective measures such as early termination of the guarantee.

**Article 26** The Company shall not provide financial assistance to its related parties stipulated in this Measures, except where the Company provides financial assistance to the related joint-stock companies that are not controlled by the controlling shareholder or the de facto controller of the Company and the other shareholders of such joint – stock companies provide financial assistance with the same conditions in proportion to their respective capital contributions. Where the Company intends to provide financial assistance to any of the related joint-stock companies, in addition to consideration and approval by a simple majority of all non-related directors, consideration and approval by more than two-thirds of the non-related directors present at the board meeting shall be required, and the matter shall be submitted to the shareholders' meeting for deliberation.

**Article 27** For a joint venture set up by the Company and related parties, the Company's capital contribution shall be taken as the transaction amount, and the relevant standards stipulated in the provisions of Article 23 and Article 24 of this Measures shall apply. If all contributing parties contribute the entire capital amount in cash, and the shareholding ratio of the respective parties in the company to be established is determined according to the proportion of capital contribution, the requirement of submission to the shareholders' meeting for consideration can be exempted.

Where the Company waives its capital increase right on a pro-rata basis or pre-emptive right over a company jointly invested with the related parties, resulting in the occurrence of related transaction with related parties, the amount involved in waiving the capital increase right or pre-emptive right by the Company shall be deemed as the transaction amount and the relevant standards stipulated in the provisions of Article 23 and Article 24 of this Measures shall apply accordingly. Where the Company's waiver of such capital increase right or pre-emptive right may result in changes of the scope of consolidated statements of the Company, the Company's latest closing total net assets corresponding to the Company's proposed waivers of the capital increase right or pre-emptive right shall be deemed as the transaction amount and the relevant standards stipulated in the provisions of Article 23 and Article 24 of this Measures shall apply accordingly. If it does not involve waiver of rights, but may have a significant impact on the financial position or operating results of the Company or lead to a change in the relationship between the Company and the subject, the Company shall make timely disclosure.

**Article 28** For entrusted wealth management between the Company and its related parties, if it is difficult to perform the consideration procedures and disclosure obligations for each investment transaction due to the frequency of transactions and time limitation requirements, the investment scope, investment quota and period shall be reasonably estimated, and the quota shall be treated as the basis of calculation, and the relevant standards stipulated in the provisions of Article 23 and Article 24 of this Measures shall apply. The duration of the relevant quota shall not exceed 12 months. The transaction amount at any time during the period (including the relevant amount for reinvestment of the aforementioned investment gains) shall not exceed the investment quota.

**Article 29** Where the relevant arrangements for transactions between the Company and the related parties involve conditional determined amount, such as consideration that may be paid or collected in the future, the maximum amount expected shall be the transaction amount, and the relevant standards stipulated in the provisions of Article 23 and Article 24 of this Measures shall apply.

**Article 30**

As for the daily related party transactions listed in the Measures conducted between the Company and related parties, the following provisions shall be applied regarding execution of the consideration procedures and disclosure:

- (1) as for the daily related party transaction agreement that has been deliberated and approved in the shareholders' meeting or the Board of Directors and is being executed, if there is no major change in main clauses during the course of the performance, the Company shall disclose the actual performance of agreements as required and make a statement that whether it complies with the stipulation of the agreement in annual report and interim report. Where major changes have taken place in main clauses of the agreement during the performance of the agreement or the agreement needs to be renewed at the expiry of the agreement, the Company shall submit the newly amended or renewed agreement of daily related party transaction in accordance with the total trading amount involved in agreement to the Board of Directors or the shareholders' meeting for deliberation. Where there is no specific total trading amount, it shall be submitted to the shareholders' meeting for consideration;
- (2) for the daily related party transaction conducted for the first time, the Company shall fulfil its consideration procedures and make prompt disclosure based on the total transaction amount involved in the agreement. In the absence of such total transaction amount, the agreement shall be submitted to the shareholders' meeting for consideration. If major changes occur to the main clauses during the performance of the agreement or the agreement expires and needs to be renewed, it shall be handled according to the preceding provision of this paragraph;
- (3) the Company may reasonably estimate the amounts of daily related party transactions for the current year on the basis of categories, perform consideration procedures and make disclosures; if the actual performance exceeds the estimated amounts, the Company shall re-perform consideration procedures and make disclosures on the basis of the exceeding amounts;
- (4) the Company shall classify, summarize and disclose the actual performance of daily related party transactions in the annual report and interim report;
- (5) where the term of the agreement on daily related party transactions concluded by the Company and related parties is more than three years, the relevant consideration procedures and disclosure obligation shall be performed again every three years in accordance with the requirements of the Chapter.

**Article 31**

Where the Company purchases assets from or sells assets to a related party which meets the disclosure standards as required by the Measures, and the subject of the related party transaction is equity interest in the Company, the Company shall disclose the basic information of the subject company and the key financial indicators of the latest year and period. If the subject company has undergone asset valuation, capital increase, capital reduction or restructuring within the last 12 months, the basic information of the relevant valuation, capital increase, capital reduction or restructuring shall be disclosed.

If the Company purchases assets from a related party, it shall be subject to consideration at the shareholders' meeting in accordance with relevant requirements, and if the transaction price exceeds 100% of the book value of the transaction subject, and the counterparty does not provide a profit guarantee, compensation commitment or buy-back commitment for the transaction subject within a certain period, the Company shall provide specific reasons and explain whether relevant safety measures have been taken and whether they are conducive to protecting the interests of the Company and the legitimate rights and interests of minority shareholders.

Where the purchase or sale of assets by the Company may result in non-operational capital appropriation by the controlling shareholders, the de facto controllers and other related parties of the Company after the completion of the transaction, the Company shall specify a reasonable solution in the announcement and resolve the matter before implementation and completion of relevant transaction.

**Article 32**

For the financial business such as deposits and loans between the Company and the financial company of the related party, the decision-making and disclosure obligation shall be implemented based on the standard of the higher of the amount of deposit principal and interest, or loan interest, and in accordance with the relevant standards stipulated in Articles 23 and 24 of the Measures, the Share Listing Rules of Shanghai Stock Exchange, No. 5 Self-Regulation Guidelines for Listed Companies of the Shanghai Stock Exchange – Transactions and Related Party Transactions, the Rules Governing the Listing of Securities on the SEHK and other regulatory documents, as well as the Measures and relevant provisions of the Risk Emergency Response Plan for Deposit of Nanjing Panda with China Electronics Finance Co., Ltd. formulated by the Company.

**Article 33**

The Company's funds shall not be occupied by the operating fund transactions among controlling shareholders, de facto controllers, other related parties and the Company. The Company is not allowed to directly or indirectly provide funds to the controlling shareholders, de facto controllers or other related parties in the following manners:

- (1) advancing wages, benefits, insurance, advertising and other expenses and bearing costs and other expenses for controlling shareholders, de facto controllers and other related parties;
- (2) lending the Company's funds (including entrusted loans) to the controlling shareholders, de facto controllers and other related parties with or without compensation, except when the other shareholders of the Company's investees (excluding companies controlled by the Company's controlling shareholders or de facto controllers) provide funds in the same proportion;
- (3) entrusting controlling shareholders, de facto controllers and other related parties to carry out investment activities;
- (4) issuing commercial acceptance bills to controlling shareholders, de facto controllers and other related parties without a true underlying transaction, and financing purchases, asset transfer payments and prepayments without consideration for goods and services or in circumstances that not commercially reasonable;
- (5) repaying debts for controlling shareholder, de facto controller and other related parties;
- (6) other means determined by the CSRC.

The certified public accountants shall issue a special explanation on the misappropriation of funds by the controlling shareholder, de facto controllers and other related parties of the Company in accordance with the provisions of this Chapter during the audit of the annual financial and accounting report of the Company. The Company shall make an announcement on the special explanation.

## CHAPTER VI INTERNAL CONTROL PROCEDURES FOR RELATED PARTY TRANSACTION

**Article 34** The annual cap of daily related party transactions shall be confirmed every three years and is subject to the decision-making procedure and disclosure obligations as stated herein.

- (1) The office of secretary of the board of the Company shall propose the reporting requirement prior to expiry of each three-year amount; and the Company and its related parties shall report the amount of related party transactions in the following three years by the transaction type. The office of secretary of the board shall, after summary by the finance department, report to the Board of Directors for approval. The said transaction amount shall, after being approved by the shareholders' meeting, come into force and be filed in the Exchange.
- (2) At the end of each quarter, the Company and its related parties shall report the related party transaction sheet and balance statement in which the transacted amount shall be filled excluding the tax. Each unit shall clarify the type of transactions such as sold commodities and provided labor services, etc., and maintain consistency.
- (3) The Company and its related parties shall keep an eye on the amount of the related party transactions and shall not exceed the approved transaction caps. It shall be reported to the office of secretary of the board and finance department where it is estimated to exceed the approved caps and important matters shall be given special explanation.
- (4) Risk Prevention and Control Measures for Daily Related Party Transactions
  - I. Amount Accumulated to Daily Related Party Transaction
    - (i) At the end of the quarter, the finance department of each of the subsidiaries shall submit to the finance department the related party transaction sheets and balance statements with the related parties, and for each category of daily related party transactions, compare the actual amount of transactions conducted with the amount applied for ("application amount") by the subsidiary for such category of continuing related party transaction;
    - (ii) The finance department of each of the subsidiaries shall pay close attention to the utilization of the application amount. In the event that the scale of the related party transaction expands or a new

daily related party transaction is added, it shall be reported to the finance department in a timely manner if it is estimated that the application amount could be insufficient.

- (iii) Subsidiaries whose utilization rate of the application amount exceeds 100% shall explain in writing to the finance department.
- (iv) The finance department calculates the aggregate actual amount of transactions conducted based on the relevant sheets submitted and the category of the daily related party transactions, and then compare such amount with the annual cap approved by the shareholders' meeting.
- (v) Each of the subsidiaries shall submit and report its utilisation of the amount for related party transactions on a monthly basis for the four quarters, which shall be gathered by the Finance Department and compared with the annual cap approved at the shareholders' meeting.
- (vi) The finance department shall inform the subsidiaries if the utilization rate of the annual cap reaches or exceeds 85%, and notify the finance department of all the subsidiaries to report the remaining amount required for related party transactions from the date of the notice received to the end of the period for the then year. The finance department will aggregate and calculate the amount used and remaining amount required for various kind of daily related party transactions, and compare such amounts with the annual cap approved by the shareholders' meeting.
- (vii) If it is estimated that the annual cap would be insufficient for the increase in the continuing related party transactions, the finance department may submit a proposal of the Board of Directors to the office of secretary of the Board of Directors by the 4th quarter of the year, i.e. on or before 30 September of the year to apply for updating the annual cap.

**II. Daily Balance Control over the Daily Related Party Transactions**

For the continuing related party transactions of the financial services provided by the finance company (a controlled corporation of a related party of the company and its subsidiaries), daily balance control will be implemented.

- (i) The finance department checks the deposit of the Company and its subsidiaries in the finance company at least every half month, and the finance department will conduct reasonable allocation in accordance with the actual situation;
- (ii) The finance department shall aggregate and calculate the highest amount quarterly or monthly for the deposit of the Company and its subsidiaries with the finance company, such as (1) if it is estimated that the highest amount would exceed the annual cap approved by the shareholders' meeting, the finance department would conduct reasonable allocation in accordance with the actual situation; (2) if it is estimated that the annual cap would be insufficient for the actual deposit demands in the long run, the finance department may submit a proposal to the Board of Directors by the 4th quarter of the year, i.e. on or before 30 September of the year to apply for updating the annual cap of the deposit with the finance company.
- (iii) The loan amount of the Company and its subsidiaries from the finance company is solely controlled by the finance department when applying for the credit facility from the finance company.

**III. For services provided to subsidiaries by other companies under related party's control constituting related party transactions or with controlled balances on the implementation date, the finance department of the subsidiaries may formulate risk prevention measures with reference to the control measures of the deposit in the Finance Company. The subsidiaries shall take their own responsibility and ensure the daily balance does not exceed the annual cap approved by the Board of Directors, and shall report the transaction status to the finance department quarterly.**

**Article 35** Wherever there is an incidental transaction, the Company and its related parties shall, no matter whether the amount is large or small, report to the office of secretary of the board and finance department prior to the transaction incurred and assist the office of secretary of the board in preparing the size tests. The office of secretary of the Board of Directors shall, by comparing the test result, proceed with the approval and announcement procedures as required by Shanghai Stock Exchange and SEHK.

**Article 36** Where the Company contemplates a major related party transaction, it shall provide the audit or appraisal reports issued by the registered securities service institution with the qualification to provide securities services. For underlying transaction involving the related party transactions concerning the daily operations as stated in Article 15, no audit or appraisal is required.

Where the related party transactions of the Company involve asset valuation, the valuation shall be disclosed in accordance with the relevant regulations. The independent directors of the Company shall express an opinion on the selection of the appraisal institution, the independence of the appraisal institution, the reasonableness of the appraisal assumptions and the fairness of the appraisal conclusion.

**Article 37** Where the Company conducts any of the following related party transactions, it shall, under the principle of accumulative calculation for a consecutive 12 months, calculate the amount of the transaction:

- (1) The transactions conducted with the same related party;
- (2) The transactions conducted with different related parties, of which the underlying transaction is related under the same transaction category.

The same related party as specified above includes other related parties controlled by the same entity or having a mutual equity control relationship with the connected parties.

Where related party transactions of the Company are subject to the principle of cumulative calculation for 12 consecutive months in accordance with the provisions of this Article, and the consideration disclosure standards stipulated in the Articles 23 and 24 are met, the transaction may simply be submitted to the board of directors and shareholders' meeting for consideration, and in accordance with the disclosure requirements explain in an announcement the transactions that failed to go through the consideration procedures or for which the previous accumulation had not reached the disclosure standards.

If the Company has fulfilled relevant obligations in accordance with Articles 23, and 24 of the Measures, they shall no longer be included in the corresponding scope of cumulative calculation. Transactions that have been disclosed but have not gone through the consideration procedures shall still be included in the corresponding scope of cumulative calculation to determine the consideration procedures that should be performed.

**Article 38** Where the Company plans to conduct a major related party transaction with its related party, it shall refer the transaction to the Board of Directors for consideration after the independent directors deliver their prior approval opinions. Before making any judgment, an independent director may engage an independent financial adviser to produce a report and then use the report as the basis of its judgment.

The Audit Committee of the Company shall also review the matters concerning the related party transaction and produce its written opinions, which shall be delivered to the Board of Directors for consideration and reported to the Supervisory Committee. The Audit Committee may engage an independent financial adviser to produce a report and use such report as a basis of judgment.

**Article 39** When the Board of Directors of the Company considers any related party transaction matters, the related director shall withdraw from voting and not exercise any voting rights on behalf of other directors.

Such meeting of the Board of Directors may be convened so long as a majority of unrelated directors is present, and any resolution made at the meeting of the Board of Directors shall be adopted by a majority of the unrelated directors. Where the number of unrelated directors present at the meeting of the Board of Directors is less than three, the Company shall submit the transaction to the shareholders' meeting for consideration.

**Article 40** When the shareholders' meeting of the Company considers any related party transaction matters, the related shareholder shall withdraw from voting and shall not exercise any voting rights on behalf of other shareholders.

**Article 41** The Supervisory Committee of the Company shall supervise the consideration, voting, disclosure and performance procedures of a related party transaction and shall deliver its opinions in the annual reports.

**Article 42** The office of secretary of the Board of Directors of the Company shall provide the materials and conduct disclosure in accordance with the Share Listing Rules of Shanghai Stock Exchange, Guidelines of the Shanghai Stock Exchange on Related Party Transaction of Listed Companies and Rules Governing the Listing of Securities on the SEHK, and provide and disclose any other data or documents as required by the SEHK; whereas the Company's relevant management department and related parties shall give full cooperation.

During the annual report period, the auditor shall review, among others, the performance of the agreements for related party transactions and issue a letter in relation to related party transactions during the annual report period.

#### **CHAPTER VII PRICING OF RELATED PARTY TRANSACTION**

**Article 43** In conducting any related party transaction, the Company shall sign a written agreement to specify the pricing policy for the related party transaction. Such transactions shall be entered into in normal commercial terms or better terms. In the absence of applicable comparison, for the purposes of the Company, such terms of transactions shall not be less favorable than those offered to or from the independent third parties. In the event of any important change to the major clauses of the agreement concerning the transaction price in the process of execution of the related party transaction, the Company and its related parties shall go through again the corresponding examination and approval procedures based upon the changed amount of transaction.

The price of a product or charges for providing services shall be determined based on the quotation prepared by the Company and the staff of the sales department or the marketing department of the related party with reference to the relevant information and approved by the head of the sales department and the marketing department. The purchase price of products or payments of services shall be determined based on the quotation prepared by the Company and the staff of the marketing department of the related party with reference to the relevant information and approved by the head of the marketing department. Such quotation shall be based on the market price and updated regularly according to the types and features of the products, applicable to the transactions of related parties and independent third parties.

**Article 44** The related party transactions of the Company and related parties shall be priced fairly by reference to the following principles:

- (1) Where there is a state-prescribed price (政府定價) for a related party transaction, such a price shall apply;
- (2) Where there is a state-recommended price (政府指導價) for such a transaction, the ultimate price may be set within the indicative range set by the government;
- (3) Other than state prescribed prices or state-recommended prices, the price for a related party transaction may be set based on the market price or charge standard of a comparable independent third party as long as such a price or standard is available;
- (4) Where such a market price of a comparable independent third party is not available, the price may be based on the price of a non-related party transaction between the related party and a third party independent of the related party;
- (5) Where there are neither market prices of independent third parties nor prices of non-related party transactions as relevant, reasonably constituted prices, comprised of reasonable costs and reasonable profit, may be used as a basis for pricing.

State-prescribed prices means the mandatory prices in respect of important commodities and services as prescribed by the department of government pricing or other relevant departments of the State Council in accordance with the provisions of the Price Law of the PRC (《中華人民共和國價格法》), the central pricing catalogue and other relevant regulations approved by the State Council, and within their authority and scope for setting prices. The department of government pricing and other relevant departments of provinces, autonomous regions and municipalities directly under the PRC Government shall prescribe prices to be executed in the relevant local regions in accordance with local pricing catalogues and within their authority under the relevant regulations.

Where commodity or service prices are subject to state-prescribed prices, state-prescribed prices must be adopted unless approval from the relevant department of government pricing has been obtained.

State-recommended prices means the benchmark prices, their floating range with the maximum and minimum protective prices as prescribed by the department of government pricing or other relevant departments of the People's Government at or above the county level, in accordance with the provisions of the Price Law of the PRC (《中華人民共和國價格法》) and within their authority and scope for setting prices. Such prices are determined by the relevant departments in accordance with their authority under the relevant regulations and the market situation, to provide guidance to businesses in setting commodity prices and fees.

**Article 45**

When setting the price for a related party transaction, if a state-prescribed price or a state-recommended price is not applicable, the Company and its related parties may use one of the following methods, depending on the nature of the transaction:

- (1) Cost-plus pricing, which prices a related party transaction at the reasonable cost of the transaction plus the gross profit of a comparable non-related party transaction;
- (2) Resale price method, where the fair price at which the related party purchases goods is the price at which it sells the same previously purchased goods less the gross profit of a comparable non-related party transaction;
- (3) The comparable uncontrolled price method, which prices a related party transaction at the level for a business activity between non-related parties the same as or similar with the related party transaction in question;
- (4) The transactional net margin method, which determines the net margin of a related party transaction using the margin of a comparable non-related party transaction;
- (5) The profit split method, which calculates attributable profits of the Company and the transacting related party based on the respective contributions to the consolidated profit in connection with the related transaction.

**Article 46**

Where a related party transaction of the Company and related parties cannot be priced based on the principles or methods mentioned above, the principle and method for pricing shall be disclosed, with the fairness in connection to the pricing explained and reported to office of secretary of the Board and finance department for filing.

## CHAPTER VIII SUPPLEMENTARY PROVISIONS

- Article 47** Close family members referred to in the Measures include spouses, parents, children aged 18 years and above and their spouses, siblings and their spouses, spouses' parents, spouses' siblings and the children's parents-in-law.
- Article 48** Related direct or referred to in the Measures means a director who falls into any of the followings:
- (1) The counterparty of a transaction;
  - (2) The direct or indirect controller of the counterparty;
  - (3) A director holding a position at the counterparty, or holding a position in the legal person or other organization that directly or indirectly controls the counterparty or that is directly or indirectly controlled by the counterparty;
  - (4) A close family member of the counterparty or a close family member of the direct or indirect controller of the counterparty;
  - (5) A close family member of the counterparty or a close family member of the directors, supervisors or senior management personnel under the direct or indirect control of the counterparty;
  - (6) A director deemed by the China Securities Regulatory Commission, Shanghai Stock Exchange, SEHK or the Company to have conflicts of interest with the Company and may affect the director's independent business judgment.
- Article 49** The related shareholder referred to in the Measures means a shareholder who falls into any of the followings:
- (1) The counterparty;
  - (2) The direct or indirect controller of the counterparty;
  - (3) Is directly or indirectly controlled by the counterparty;
  - (4) Is directly or indirectly controlled by the same legal person or other organization or natural person with the counterparty;

- (5) Works for the counterparty, or a legal person or any other organization that directly or indirectly controls the counterparty or is directly or indirectly controlled by the counterparty;
- (6) Is a close family member of the counterparty or its direct or indirect controller;
- (7) A shareholder whose voting rights are restricted or affected due to an equity transfer agreement with the counterparty or its related party that has not been completely performed or other agreements;
- (8) A shareholder deemed by the China Securities Regulatory Commission, Shanghai Stock Exchange, SEHK or the Company to likely cause an imbalance of the Company's interests toward himself.

**Article 50** A "controlled subsidiary" refers to a subsidiary in which the Company holds more than 50% equity or may decide the majority of the membership of its Board of Directors or which is effectively controlled by the Company under an agreement or through other arrangement.

**Article 51** Each of the relevant departments and staff shall rigorously enforce the working procedures of the reporting and disclosure requirements of the "Administrative Measures on Related Party Transactions" and the risk prevention and control measures for the Daily Related Party Transactions. In the event that the Company fails to implement such procedures or such procedures are not implemented in place and it has impact on the launch of the daily related party business, and it may result in material defect or non-compliance to the corporate governance of the Company, the Company shall timely adopt rectification measures, and in the event of economic losses, deal with it in accordance with the actual situation.

**Article 52** Any matters not mentioned herein shall be governed by applicable laws and regulations, listing rules of the places where the Company's shares are listed, the Articles of Association and other regulatory documents. In case of any difference between the Measures and applicable laws and regulations, listing rules of the places where the Company's shares are listed or the Articles of Association, the latter shall prevail.

**Article 53** This Measures shall be interpreted by the Board of Directors.

**Article 54** This Measures shall come into force as of the date of being approved by the shareholders' meeting.

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## NOTICE OF THE 2022 THIRD EXTRAORDINARY GENERAL MEETING

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# 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)

### NOTICE OF THE 2022 THIRD EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 2022 third extraordinary general meeting (the “**EGM**”) of Nanjing Panda Electronics Company Limited (the “**Company**”) will be held at the Conference Room, 7 Jingtian Road, Nanjing, the People's Republic of China (the “**PRC**”) on Thursday, 22 December 2022 at 2:30 p.m. to consider and, if thought fit, pass the following resolutions:

#### **SPECIAL RESOLUTIONS**

1. To consider the resolution on the amendments to the Rules of Procedures of the General Meeting of the Company.
2. To consider the resolution on the amendments to the Administrative Measures on Related Party Transactions of the Company.

#### **ORDINARY RESOLUTION**

3. To consider the resolution on the adjustments of the remuneration policy for the directors of the tenth session of the board of directors, the supervisors of the tenth session of the supervisory committee and the senior management whose term of office is same as the tenth session of the board of directors of the Company.

By Order of the Board  
**Nanjing Panda Electronics Company Limited**  
**Zhou Guixiang**  
*Chairman*

Nanjing, the PRC  
1 December 2022

*As at the date of this notice, the Board comprises Executive Directors: Mr. Zhou Guixiang, Mr. Xia Dechuan and Mr. Hu Huichun; Non-executive Directors: Mr. Shen Jianlong, Mr. Deng Weiming and Mr. Yi Guofu; and Independent Non-executive Directors: Mr. Dai Keqin, Ms. Xiong Yanren and Mr. Chu Wai Tsun, Baggio.*

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## NOTICE OF THE 2022 THIRD EXTRAORDINARY GENERAL MEETING

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*Notes:*

1. All holders of H shares of the Company should pay attention that the register of members of the Company will be closed from 17 December 2022 to 22 December 2022, both days inclusive, during which period no transfer of H shares can be registered so as to ascertain the holders of H shares' entitlement to attend and vote at the EGM. Holders of H shares who intend to attend the EGM must deposit the share certificates together with the transfer documents at the H-Share registrar of the Company, Hong Kong Registrars Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, on or before 4:30 p.m. on 16 December 2022.
2. Shareholders who are entitled to attend the EGM or their representatives or proxies are entitled to attend the EGM with their identity certificates or passports. If a shareholder appoints a proxy to attend the EGM on his behalf, his proxy must bring along the proxy form.
3. A shareholder who has the right to attend and vote at the EGM is entitled to appoint one proxy or several proxies, whether a member of the Company or not, to attend and vote at the EGM.
4. If more than one proxy is appointed by a shareholder, the proxies can exercise their voting rights only in the case of a poll.
5. The instrument appointing a proxy must be in writing under the hand of the appointer or his attorney duly authorized in writing. In the case of a corporation, the proxy form must be under its common seal or under the hand of its director or duly authorized attorney. If the proxy form is signed by an agent on behalf of an appointer, the proxy form or other authority must be notarized.
6. The proxy form together with the notarized power of attorney or other authority must be delivered to the office of the Company (in respect of A shares) or to the H-Share registrar of the Company, Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (in respect of H shares) 24 hours before the time appointed for the holding of the EGM.
7. The Company's office and correspondence address:  
7 Jingtian Road, Nanjing  
The People's Republic of China  
Postal code: 210033  
Telephone: (8625) 8480 1144  
Fax: (8625) 8482 0729