

**NANJING PANDA ELECTRONICS COMPANY LIMITED****Rules of Procedures for the Board of Directors****Chapter 1 General Provisions**

Article 1 These rules are formulated in accordance with Company Law, the Articles of Association and other relevant regulations in order to normalize the discussion methods and procedures of the Board of Directors (the “Board”) of Nanjing Panda Electronics Company Limited (the “Company”) to ensure scientific and correct decision-making of the Board and to ensure that its functions are effectively exercised.

Article 2 These Rules shall be binding on all directors, general manager, deputy general manager(s), chief accountant, secretary to the Board and other senior management officers(except supervisors) of the Company.

**Chapter 2 Composition of the Board**

Article 3 The Board shall comprise nine directors, including one Chairman and one or two vice-chairmen.

The Board shall include at least three (3) independent directors served by independent persons.

The Board shall appoint one or more directors to serve as executive director(s) to deal with matters as authorised by the Board.

Article 4 Directors shall be elected at the general meeting. The term of office of the directors is three years. At the expiry of a Director’s term of office, the term is

renewable upon re-election. Directors shall be elected from candidates nominated by the Board or one or more shareholders who representing 3% or more of issued shares of the Company at the general meeting.

Written notice of the intention to nominate director candidates and their consent to accept the nomination shall be lodged with the Company no later than seven days before holding of the meeting.

Prior to the expiration of his term, a director shall not be removed without cause from his office by the general meeting. The general meeting may by ordinary resolution remove any director before the expiration of his term of office (but without prejudice to such director's right to claim damages based on any contract), subject to full compliance with the relevant laws and administrative regulations.

Article 5 The Chairman and vice-chairman shall be elected and removed by more than one half of all the directors. The term of office of the Chairman and vice-chairman is three years, renewable upon re-election. Directors may hold a concurrent post as other senior management of the Company.

Article 6 The chairman of the Board is entitled to exercising the following powers:

- (1) to preside over general meetings and to convene and preside over the Board meetings;
- (2) to check on the implementation of resolutions of the Board;
- (3) to sign the securities certificates issued by the Company; and
- (4) other powers conferred by the Board.

If the chairman is unable or fails to perform his/her duties, his/her duty will be performed by vice-chairman

### **Chapter 3 Directors**

Article 7 The directors shall not be required to hold shares of the Company.

Article 8 A person in any of the following circumstances may not serve as the Company's director:

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

violation of criminal law, and the legal procedures are pending;

(7) a person who, according to laws and administrative regulations, cannot act as a leader of an enterprise;

(8) a person other than a natural person;

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

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

Article 9 None of the directors, general manager, deputy general manager(s), chief accountant and other senior management members may hold concurrent post of supervisor.

Article 10 The directors shall perform duties as provided in relevant laws, administrative regulations, the listing rules of the stock exchange where the Company's shares are listed and the Articles of Association.

#### **Chapter 4 Duties of the Board**

Article 11 The Board report to general meetings and exercise the following powers:

- (1) to convene general meetings and report its work to the general meeting;
- (2) to implement the resolutions of general meetings;
- (3) to decide on the Company's business plans and investment plans;
- (4) to formulate the Company's proposed annual preliminary and final financial budgets;
- (5) to formulate the Company's profit distribution plan (including final dividends plan) and plan for recovery of losses;

(6) to formulate proposals for increases or reductions of the Company's registered capital and the issue of corporate debentures;

(7) to draw up plans for the merger, division or dissolution of the Company;

(8) to decide on the establishment of the Company's internal management structure;

(9) to determine the legal representative of the Company;

(10) to specify the products as stated in the authorized business scope of the Company in accordance with bidding requirements;

(11) to appoint or dismiss the Company's general manager, and pursuant to the general manager's nominations to appoint or dismiss the deputy manager and chief accountant of the Company and decide on their remuneration;

(12) to formulate the Company's basic management system;

(13) to prepare proposals for any amendments to the Articles of Association;

(14) to make decisions on issues such as external investment, acquisition and sale of assets, pledge of assets, provision of external guarantee, entrusted financial management, and connected transactions, except for those to be resolved at general meetings;

(15) to take up any other duties as stipulated in the Articles of Association or authorized by general meetings.

All of the above matters, excluding those under subparagraphs (6), (7), (13) and (14) which require the approval of two-thirds of the votes at board meetings, require the approval of the majority votes at board meetings.

Article 12 The Board shall first seek advice from the Party committee before decision on major issues of the Company.

Article 13 In case that the Board proposed to dispose any fixed assets, if the expected value of such fixed assets and the value of disposed fixed assets within four months before the dispose proposal exceeds 33% of fixed assets value set out in the

latest balance sheet reviewed by the general meetings, the Board shall not dispose or consent to dispose such fixed assets until approved by the general meeting.

The term of "fixed assets disposal" referred to in this article represents (among other things) transferring certain assets rights, but not including provision of fixed assets by way of security.

Validity of transactions regarding fixed assets disposal by the Company will not be affected due to a breach of first paragraph of this article.

## **Chapter 5 Notice of Meeting**

Article 14 Meetings of the Board shall be held at least twice every year and convened by the Chairman of the Board. Notice of the meeting shall be served on all of the directors ten (10) days before the date of the meeting. When proposed by the shareholders representing more than one-tenth of the voting rights or by more than one-third of directors or supervisors, an extraordinary Board meeting may be held.

Article 15 In principle, meetings of the Board shall be held at the registered address of the Company. However, it can be held at any other places inside China as approved by a resolution of the Board.

Article 16 The Company shall bear expenses incurred when directors attend meetings of the Board, which include transportation fee (covering distance from the registered addresses of the directors to the venue of the meeting) and accommodation expenses in the session. Rental for meeting room and miscellaneous such as local transportation expenses shall also be borne by the Company.

Article 17 The Board meetings will be conducted in Chinese, and an interpreter may be arranged to offer live interpretation if necessary.

Article 18 The notice of the meeting of the Board shall be delivered by the following ways:

(1) If the time and location of a regular Board meeting has been provided by the Board in advance, it can be convened without notice.

(2) If the time and location of a Board meeting has not been provided by the Board in advance, the Chairman shall notify the directors of the time and location of the meeting through telex, telegraph, fax, express mail, registered mail or in person at least 10 days to a maximum of 30 days before the date of such meeting.

(3) The notice shall be made in Chinese and shall include the agenda of the meeting. Its English version may be enclosed if necessary. Any director may waive his right for being served with the notice of the Board meeting.

Article 19 If a director has attended the meeting and protected for not receiving such notice, it shall be deemed that the notice of the meeting has been delivered to him/her.

## **Chapter 6 Meetings and resolutions**

Article 20 As long as the participating directors can hear clearly what the other directors are saying and are involved in communicative exchange with each other, a regular meeting or extraordinary meeting of the Board may be held by teleconference or by way of similar telecommunication devices, and all participating directors shall be deemed as attending the meeting in person.

Article 21 The Board meeting may be held only if more than half of directors (including the director who is appointed to vote as a proxy on behalf of any other director pursuant to Article 21 hereof) attend. Each director has a ballot for voting. Resolutions of the Board shall be passed by half or more of all directors, unless

otherwise stipulated in laws and Articles of Association. When the dissenting votes and affirmative votes are equal, the chairman has the right to cast one more vote.

Article 22 A director shall attend Board meetings in person or appoint in written other director to attend the meeting on his/her behalf due to his/her absence. The scope of authorization shall be specified in the power of attorney.

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

Article 23 The Board may agree to consider and approve resolutions in written form instead of convening meetings. Draft of such resolutions shall be delivered to each director by special delivery, mail, telegraph or fax. If such resolution has been delivered to all directors, signed and approved by directors above quorum, and delivered to the secretary to the Board by one of the aforesaid means, they will be passed as a resolution of the Board without convening a Board meeting.

Article 24 The minutes of the Board meetings and board resolutions passed without convening a Board meeting shall be in Chinese. Minutes for each Board meeting shall be reviewed by all directors as soon as possible, and directors who would like to make amendment to the minute shall report his amendment advice in written to the chairman within one week upon receipt of the minutes. The minutes shall be signed by directors attending the meetings and the minutes-taking officer.

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

Article 25 Directors shall accept liabilities for resolutions of the Board. If a



resolution of the Board violates laws, administrative regulations or the Articles of Association and results in the Company sustaining serious losses, the directors participating in the resolution are liable to compensate the Company. However, if it can be proven that a director expressly objected to the resolution when the resolution was voted on, and that such objection is recorded in the minutes of the meeting, such director may be released from such liability.

Article 26 Proposals for the Board meeting shall be submitted to the Board for consideration after they are reviewed by Secretary to the Board. Documents signed by directors shall be not passed as resolutions of the Board if not complied with the proceeding stipulated procedures, and directors who sign on them shall assume liabilities thereunder.

## **Chapter 7 Secretary to the Board of Directors**

Article 27 The Company shall have its secretary to the Board, who shall be an officer of the Company and appointed by the Board and report to the Board.

Article 28 The secretary to the Company's Board shall be a natural person who has the requisite professional knowledge and experience and is primarily responsible for:

(1) being the designated contact person between the Company and the regulatory authorities, preparation and submission of documents required by the regulatory authorities, as well as arrangements to complete the assignments of the regulatory authorities;

(2) preparation of the Board meeting and general meeting in accordance with the statutory procedures, preparation and delivery of reports and documents for the Board meeting and general meeting, attending Board meeting and general meeting and making minutes for them, signing on the minutes to ensure their accuracy and

assisting the chairman in reviewing the implementation of the Board resolutions;

(3) Coordinating and organizing the corporate information disclosure, including establishment of Management Rules on Information Disclosure, reception of visits, reply to enquiry, contact with shareholders, and provision of information publicly disclosed by the Company to investors so as to facilitate the timely, lawful, true and complete information disclosure of the listing company;

Secretary to the Board shall attend all meetings that involve discloseable information. The Company's functional departments and subsidiaries shall advise Secretary to the Board the information for disclosure. The Company shall consult the opinion of the Secretary to the Board from the angle of operation regulation and information disclosure before making an important decision;

(4) information confidentiality and formulating measures for confidentiality. Should the inside information be divulged, he shall take timely remedies to make explanation and clarification, and report it to the stock exchange and CSRC;

(5) keeping the Register of shareholders, directors and Secretary to the Board, information on the shareholding of major shareholders and directors, seals of the Board, documents and minutes of the listing company's Board meetings and general meetings;

(6) helping and urging directors, supervisors and senior management members of the Company understand their liabilities stipulated in laws, regulations, Articles of Association, listing rules of the stock exchange and the listing agreement and assisting the chairman in regulating the operation of the Company;

(7) assisting the Chairman in exercise his duties and provide consultation and advice for material decision of the Company;

Remind the Board when resolutions made by it are in contravention of the laws, regulations, Articles of Association and other relevant provisions, recorded in the minutes when the Board insist making such resolutions and immediately submit the minutes to all directors and supervisors of the listing company.

(8) other duties provided and authorised by the regulatory authorities and the

Board.

Article 29 A director or other officer of the Company may also hold the office of the secretary to the Board (except the supervisors). The accountant(s) of the certified public accountants' firm and lawyer(s) of the law firm appointed by the Company shall not act as the secretary to the Board.

Provided that where the office of secretary is held by a director, and an act is required to be done by a director and a secretary separately, the person who holds the office of director and secretary may not perform the act in dual capacity.

### **Chapter 8 Supplementary Provisions**

Article 30 These rules shall be interpreted by the Board.

Article 31 Should there be discrepancy between these rules and the laws, administrative regulations and rules from relevant authorities promulgated by the State or Articles of Association, the State laws, administrative regulations, rules from authorities and Articles of Association shall prevail.

Article 32 Other matters not contained in these rules shall be handled in accordance with the provisions of the State laws, administrative regulations, rules from authorities and Articles of Association; and if there are no relevant provisions, the matters shall be submitted to the general meeting for consideration as suggested by the Board.

The board of directors of Nanjing Panda Electronics Company Limited

30 November 2017