



南京熊猫电子股份有限公司
NANJING PANDA ELECTRONICS COMPANY LIMITED

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

Notice of Annual General Meeting

Notice is Hereby Given That the 2003 Annual General Meeting of Nanjing Panda Electronics Company Limited ("the Company") will be held at 9:00 am on Wednesday, 12th May, 2004 at Reading Room, Worker's Union, 301 Zhong Shan Road East, Nanjing, the People's Republic of China (the "PRC") for the purpose of dealing with the following matters:

- 1) To consider and approve the Report of the Board of Directors for the year 2003;
- 2) To consider and approve the Report of the Supervisory Committee for the year 2003;
- 3) To consider and approve the audited financial statements for the year 2003;
- 4) To consider and approve the Company's proposed profit after tax appropriation plan for the financial year of 2003;
- 5) To consider and approve the re-appointment of Horwath Hong Kong CPA Limited (Hong Kong Certified Public Accountants) and Shine Wing Certified Public Accountants as the Company's international and PRC auditors respectively for the year 2004 and authorize the Board of Directors to fix their remuneration;
- 6) To consider and approve the election of Mr. Li Anjian, Mr. Zhang Zuzhong, Ms. Liu Ailian, Mr. Zhou Zhenyu, Mr. Zhu Lifeng and Mr. Tang Hongqing as the directors of the Fifth Board of Directors of the Company, and the election of Ms. Wan Hui, Mr. Ma Zhongli and Mr. Cai Lianglin as the independent directors of the Fifth Board of Directors with respective terms of three years, and authorize the Board of Directors to fix their remuneration;
- 7) To consider and approve the election of Ms. Zhang Zhenping as the supervisors of the Fifth Board of the Supervisory Committee, and the election of Mr. Wu Shiyuan and Ms. Sun Suhua as the independent supervisors of the Fifth Board of Supervisory Committee with respective terms of three years, and authorize the Supervisory Committee to fix their remuneration;
- 8) To consider and approve the amendments to Articles of Associations of the Company by special resolution.

In order to further standardise the Company's operation, refine the structure of corporate governance and protect the legitimate interests of the Company and the investors, according to the "Guidelines for Corporate Governance of Listed Companies", the "Guiding Opinions relating to the Establishment of Independent Directors of Listed Companies" and other existing laws and regulations, departmental rules and the Company's actual situation, the following amendments to the articles of association of Nanjing Panda Electronics Company Limited (the "Articles of Association") are made:

1. TO ADD A NEW CLAUSE AS ARTICLE 79 AFTER THE ORIGINAL ARTICLE 78

"Article 79 When the controlling shareholder of the Company holds more than 30% of the shares of the Company, the cumulative voting method should be adopted for the resolution to elect directors in the General Meeting. Namely, during the election of more than two directors at the General Meeting, each share held by the shareholders participating in the voting shall carry the voting right equal to the total number of directors to be elected. The shareholders can either cast all the votes to elect one person or cast the votes to elect several persons. The total cumulative voting rights cast by the shareholders must not exceed the total number of voting rights to which they are entitled. If the total voting rights cast are exceeded, the voting of such shareholders will be regarded as invalid and will be treated as abstaining. If it is less than the total voting rights, the difference will be treated as abstaining from voting. The General Meeting will make the decision to elect directors in the sequence of the number of votes cast for each candidate."

2. ORIGINAL ARTICLE 96:

There shall be a Board of Directors comprising of at least eleven directors. The Board of Directors shall have one Chairman and may have one to two Vice-chairman.

Among the members of the Board of Directors, there shall be at least two independent directors acting.

The Board of Directors shall designate one to several directors to act as executive directors. Executive directors shall deal with the matters as authorized by Board of Directors.

Original Article 96 to be amended as Article 97:

"Article 97 There shall be a Board of Directors comprising of nine directors. The Board of Directors shall have one Chairman and may have one to two Vice-chairman.

Among the members of the Board of Directors, there shall be at least three independent directors and the number of independent directors must be more than one-third of the total number of members of the Board of Directors. Among the independent directors, it shall include at least one accounting professional (holding senior position or the qualification of certified public accountant).

The Board of Directors shall designate one to several directors to act as executive directors. Executive directors shall deal with the matters as authorized by the Board of Directors."

3. ORIGINAL ARTICLE 97:

Directors shall be elected at General Meetings and their terms of office shall be three years. Upon the expiry of the term, a director shall be eligible for re-election. Directors shall be elected at a General Meeting from the candidates nominated by the Board of Directors or one or more than one shareholders holding 5% (5% inclusive) or more of the issued shares of the Company.

Written notice specifying the intention of nominating candidates for election as directors and the acceptance of the nomination by the candidates shall be given to the Company 7 days prior to the convening of the General Meeting.

Directors shall not be removed at a General Meeting prior to the expiry of his term of office without reason. However, any directors with unexpired term of office may be removed by an Ordinary Resolution passed at a General Meeting (but no claim made pursuant to any contract shall be affected thereby) provided that the provisions of the laws and administrative regulations are complied with.

Chairman and Vice-chairman shall be elected and removed by a simple majority of all directors. The terms of office for the Chairman and Vice-chairman shall be three years and they shall be eligible for re-election. Directors may concurrently assume post of other officers of the Company.

Original Article 97 to be amended as Article 98:

“Directors shall be elected at the General Meetings and their term of office shall be three years. Upon expiry of the term, a director shall be eligible for re-election. The cumulative term of an independent director shall not exceed six years. Independent directors shall be elected at a General Meeting from the candidates nominated by the Board of Directors, Supervisory Committee or one or more than one shareholder holding more than 1% (inclusive of 1%) of the shares of the Company. Other directors shall be elected at a General Meeting from the candidates nominated by the Board of Directors or one or more than one shareholders holding more than 5% (inclusive of 5%) of the shares of the Company.

Written notice specifying the intention of nominating candidates for election as directors and the acceptance of the nomination by the candidates shall be given to the Company 7 days prior to the convening of the General Meeting.

Directors shall not be removed at a General Meeting prior to the expiry of his term of office without reason. However, any directors with unexpired term of office may be removed by an Ordinary Resolution passed at a General Meeting (but no claim made pursuant to any contract shall be affected thereby) provided that the provisions of the laws and administrative regulations are complied with.

A director can tender his resignation before his term of service expires. The director tendering for resignation should submit a written resignation letter to the Board of Directors. An independent director should also submit explanations in respect of any matters relating to his resignation or those matters which he considers that the shareholders and creditors of the Company must be notified. If the resignation of the director results in the number of directors falling below the minimum number required under the Company Law, or falling below two-thirds of the total number as set out in the Articles of Association, or results in the number of independent directors falling below the minimum number as required by the Articles of Association, the resignation of such director shall be effective after the vacancy is filled by a new director.

Chairman and Vice-chairman shall be elected and removed by a simple majority of all directors. The term of office for the Chairman and Vice-chairman shall be three years and they shall be eligible for re-election. Directors may concurrently assume post of other officers of the Company.”

4. ORIGINAL CLAUSE 2 OF ARTICLE 98: “THE BOARD OF DIRECTORS SHALL BE RESPONSIBLE TO THE GENERAL MEETING AND SHALL EXERCISE THE FOLLOWING FUNCTIONS:

- (1) To be responsible for convening General Meetings and to prepare working report to the General Meetings;
- (2) To carry out the resolutions passed at General Meetings;
- (3) To determine the business plans and investment proposals of the Company;
- (4) To prepare the annual financial budgets and final accounts of the Company;
- (5) To prepare the profit distribution (including the plan of the distribution of year-end dividends) and settlement of losses for the Company;
- (6) To prepare the proposal for increasing or reducing the registered capital of the Company and proposal for issuance of corporate debenture;
- (7) To prepare proposal for merger, division and dissolution of the Company;
- (8) To decide on the establishment internal management bodies of the Company;
- (9) To appoint or dismiss the general manager of the Company and to appoint or dismiss the deputy general manager and officers in charge of financial matters pursuant to the nomination of the general manager and to determine their remuneration;
- (10) To set up the basic management systems of the Company;
- (11) To prepare proposal for amendments to the Articles of Association;
- (12) To determine the guarantee by the Company to external parties; and
- (13) To perform any other functions stipulated by the Articles of Association or the General Meeting.

Except that resolutions provided in Paragraphs (6), (7), or (11) which require consents of more than two-thirds of the directors, the remaining resolutions require consent of more than half of the directors.

Original Clause 2 of Article 98 to be amended as Clause 2 of Article 99:

“Article 99 The Board of Directors shall be responsible to the General Meeting and shall exercise the following functions:

- (1) To be responsible for convening General Meetings and to prepare working report to the General Meetings;
- (2) To carry out the resolutions passed at General Meetings;
- (3) To determine the business plans and investment proposals of the Company;
- (4) To prepare the annual financial budgets and final accounts of the Company;
- (5) To prepare the profit distribution (including the plan of the distribution of year-end dividends) and settlement of losses for the Company;
- (6) To prepare the proposal for increasing or reducing the registered capital of the Company and proposal for issuance of corporate debenture;
- (7) To prepare proposal for merger, division and dissolution of the Company;
- (8) To decide on the establishment internal management bodies of the Company;
- (9) To appoint or dismiss the general manager of the Company and to appoint or dismiss the deputy general manager and officers in charge of financial matters pursuant to the nomination of the general manager and to determine their remuneration;
- (10) To set up the basic management systems of the Company;
- (11) To prepare proposal for amendments to the Articles of Association;
- (12) To determine the guarantee by the Company to external parties; and
- (13) To perform any other functions stipulated by the Articles of Association or the General Meeting.

Except that resolutions provided in Paragraphs (6), (7), (11) or (12) which require consents of more than two-third of the directors, the remaining resolutions require consent of more than half of the directors. “

5. TO ADD ARTICLE 100, ARTICLE 101 AND ARTICLE 102 AFTER ORIGINAL ARTICLE 98:

“Article 100 Except for the powers of the directors granted under the Company Law, other relevant laws, administrative rules and the Articles of Association, an independent director also carries out the following special duties:

- (1) The major connected transactions, pursuant to the rules as promulgated by the stock exchanges from time to time, required to be reviewed by the Board of Directors or General Meeting should be approved by the independent directors and then submitted to the Board of Directors for discussion. When the Board of Directors passes a resolution about the connected transactions of the Company, the resolutions must be endorsed by independent directors to be effective. Before the independent directors make any judgment, they can appoint organizations and professional services to issue an independent financial consultancy report as a basis for their judgment;
- (2) To propose to the Board of Directors for the appointment or removal of certified public accountants;
- (3) To propose to the Board of Directors for the convening of extraordinary general meeting;
- (4) To propose for the convening of meeting of the Board of Directors;
- (5) To independently appoint external audit firms or consultancy firms;
- (6) To gather the voting rights from the shareholders before the convening of the General meeting;

The independent directors exercising the above powers shall obtain the consent of more than half of all independent directors. If the above proposals are not accepted or the above powers cannot be normally exercised, the Company should disclose the relevant conditions.

The Board of Directors should establish committees for remuneration, audit, nomination, etc. The independent directors shall account for more than half of the proportion of the members of these committees.

Article 101 Except the duties to be carried out by independent directors as stated in the previous article, they shall report their independent opinion to the Board of Directors or General Meeting in respect of the following matters:

- (1) Nomination, appointment or removal of directors;
- (2) Appointment or dismissal of senior management staff;
- (3) Remunerations of the Company’s directors and senior management staff;
- (4) When the amount, pursuant to the rules as promulgated by the stock exchanges from time to time, of the loans or other advances which already exists or newly incurred between the Company and the Company’s shareholders, actual controlling parties and associated corporation is required to be reviewed by the Board of Directors or General Meeting, and, whether the Company adopts effective measures to recover the debt;
- (5) Any matters which independent directors considers that it may impair the interests of minority shareholders.

The independent directors shall express one of the following opinions in respect of the above matters in this Article:

- (1) Consent;
- (2) Qualified opinion and the reasons;
- (3) Opposition and the reasons;
- (4) Inability to express the opinion and the obstacles.

If the relevant matters belong to the matters that need to be disclosed, the Company shall announce the opinion of the independent directors. If there is no consensus due to different opinions among independent directors, the Company shall disclose the opinions of the independent directors respectively.

Article 102 All directors of the Company shall cautiously handle and strictly control the risk of liabilities incurred by the guarantee to external parties. The guarantee to external parties shall comply with the rules of State Council’s securities regulatory and supervisory organisations, the stock exchanges and the Articles of Association. The external guarantee shall be approved by endorsement of more than two-third of all members of the Board of Directors or approved by the General Meeting. No guarantee will be directly or indirectly provided to those entities which liability to asset ratio is more than 70%. The party to which the Company provides guarantee shall provide a counter-guarantee to the Company. Such party shall be able to repay its liabilities.”

6. ORIGINAL ARTICLE 122:

The Supervisory Committee shall comprise of three members of which one shall act as the chairman of the Supervisory Committee. The term of officer for the Supervisors shall be three years and they shall be eligible for re-election.

Among the members of the Supervisory Committee, there shall be at least one representative of the staff and two independent supervisors.

The appointment and removal of the chairman of the Supervisory Committee shall be made by a resolution passed by more than two-third of the number of the members of the Supervisory Committee.

Original Article 122 to be amended as Article 126:

“Article 126 The Supervisory Committee shall comprise five supervisors of which one shall act as the chairman of the Supervisory Committee. The term of office for the Supervisors will be three years and they shall be eligible for re-election.

Among the members of the Supervisory Committee, there shall be at least one representative of the staff and two independent supervisors.

The appointment and removal of the chairman of the Supervisory Committee shall be made by a resolution passed by more than two-third of the number of the members of the Supervisory Committee.”

7. ADDITION OF ARTICLE 135 AFTER ORIGINAL ARTICLE 130:

“Article 135 An independent director shall comply with the following basic conditions:

- (1) To be qualified to act as a director of a listed company in accordance with the laws, administrative rules and other relevant regulations;
- (2) To be independent;
- (3) To possess the basic knowledge on the operation of a listed company, to be familiar with relevant laws, administrative rules, departmental rules and regulations;
- (4) To have legal, business or other experience of more than five years which are necessary for the performance of the duties of independent directors.
- (5) Other conditions as required by the Articles of Association.

With regard to the independence of an independent director, the following persons shall not act as independent directors:

- (1) Persons employed by the Company or the Company's subsidiary company or immediate relatives or persons with main social relation of such persons (immediate relatives mean spouse, parents, children etc.; persons with main social relation mean brothers and sisters, parents in law, daughters and sons in law, spouses of brothers and sisters, brothers and sisters of spouses etc);
- (2) Natural persons who directly or indirectly hold more than 1% of the issued shares of the Company and the immediate relatives of such persons or the natural persons being shareholder of the ten largest shareholders of the Company and the immediate relatives of such persons;
- (3) persons employed by the shareholder who directly or indirectly hold more than 5% of the issued shares of the Company and the immediate relatives of such persons or the persons employed by the five largest shareholders of the Company and the immediate relatives of such persons;
- (4) Person falling within the above three Paragraphs within the latest year;
- (5) Person providing services such as financial, legal, consulting services, etc. to the Company or the Company's subsidiary company;
- (6) Person having already taken up the position of independent director for five listed companies;
- (7) Person regarded by the State Council's securities regulatory and supervisory organisations as not eligible to act as independent director."

8. EXCEPT FOR THE ABOVE AMENDMENTS, THE NUMBER OF OTHER ARTICLES AS SET OUT IN THE ARTICLES WILL BE RENUMBERED IN ITS SEQUENCE.

By Order of the Board

24th March 2004

Note:

- (1) All shareholders whose names have been registered in the Register of Members of the Company by the close of business on Thursday, 8th April, 2004 are entitled to attend the AGM for the year 2003 of the Company. Holders of the Company's A Shares whose names appear on China Securities Depository And Clearing Corporation Limited Shanghai Branch on 8th April, 2004 are entitled to attend the AGM and should bring along their identity cards or shareholder account cards. A Share shareholders or their proxies (if any) should bring along their identity cards, shareholder account cards and proxy forms for attending the AGM (if any) and go to the Company Secretary department of the Company, 301 Zhong Shan Road East, Nanjing, for registration of the attendance of the AGM from 9:00 a.m. to 4:00 p.m. from 9th April, 2004 to 22nd April, 2004. Shareholders outside Nanjing may register by mail or fax.
- (2) All holders of the Company's H Shares are requested to note that the registration of transfer of the Company's H Shares will be closed from 9th April, 2004 to 12nd May, 2004 (both days inclusive) during which period no transfer of H Shares will be effected. Holders of the Company's H Shares whose names appear on the Register of Members of the Company by the close of business on 8th April, 2004 or their proxies, are entitled to attend the AGM and should bring along their identity cards or passports when attending the AGM. If a shareholder attends the AGM by his proxy/proxies, the proxy/proxies should bring along the instrument appointing him as the proxy.
- (3) Any shareholders entitled to attend and vote at the AGM may appoint a proxy or several proxies (who need not be a shareholder) to attend the AGM and vote thereafter instead of him.
- (4) For shareholders who appoint more than one proxy, the voting right can only be exercised when a poll is taken.
- (5) The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorized in writing, or in the case of corporation must be either under its common seal or under the hand of its director or duly authorised attorney. If the form of proxy is signed by the attorney or on behalf of the appointor, the power of attorney or other authority must be notarially certified. The notarially certified power of attorney or other authority together with the instrument appointing the proxy must be delivered to the registered address of the Company 24 hours prior to the time appointed for the holding of AGM.
- (6) Shareholders who intend to attend the AGM should send a written reply indicating the intention to attend the AGM to the Company's registered address on or before 22nd April, 2004. The dispatch of the reply may be by hand, by mail or by fax. The above-mentioned written reply does not affect the right of shareholders to attend the AGM.
- (7) The AGM is expected to last for half a day. Shareholders and proxies attending the AGM should be responsible for their own travelling and accommodation expenses.
- (8) Correspondence address of the Company:
301 Zhong Shan Road East, Nanjing, the People's Republic of China
Postal Code : 210002
Tel No. : 8625-8480 1144
Fax No. : 8625-8482 0729

Profiles of newly nominated candidate for independent directors:

Mr. Ma Zhongli, born in May 1954, holds a bachelor degree. Mr. Ma graduated from London University in 1978 and majored in biochemistry. He was awarded a bachelor degree. He is currently the general manager of Hong Kong's Taching Petroleum Co Ltd and is the executive committee member of the Ninth All-China Federation of Industry & Commerce (中華全國工商業聯合會(第九屆)執行委員), the standing committee member of the Ninth Jiangsu Province Committee of the National Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議江蘇省委員會(第九屆)常務委員) and director member of the Chinese General Chamber of Commerce. Mr. Ma has long been engaged in the work of enterprise operation management, and has advanced enterprise management idea and experience.

Mr. Cai Lianglin, born in January 1941, is a chartered accountant and a senior auditor. He is currently the vice-chairman of Jiangsu Tian Ye Accountancy Company Limited (江蘇天業會計師事務所有限公司) and a part-time professor of Nanjing Auditing College (南京審計學院). Mr. Cai has long been engaged in the work of accounting and auditing, and is well experienced in the work of corporate finance management and auditing.

Profile of newly nominated candidate for independent supervisor:

Ms. Sun Suhua, born in June 1942, is tertiary educated and holds the title of senior accountant. She has been working since 1963, and has served the positions of the head of finance section under the equipment department of Nanjing Iron and Steel Plant (南京鋼鐵廠), the manager of finance department of Jiangsu Province Investment Company (江蘇省投資公司) and the manager of finance department of Jiangsu Province International Trust Investment Company (江蘇省國際信託投資公司). Ms. Sun has long been engaging in the work of corporate accounting, and is well experienced in corporate finance management.