

**SHANGHAI ELECTRIC GROUP COMPANY LIMITED**  
**RULES OF PROCEDURE FOR THE BOARD OF DIRECTORS**

(Passed on June 28th, 2024)

**ARTICLE 1 OBJECTIVES**

In order to regulate the procedures and decision-making process of the board of directors of Shanghai Electric Group Company Limited (the “**Company**”), to enable the directors and the board of directors to perform their duties effectively, and to ensure that our business is transacted properly and the decision-making process of the board of directors is conducted in a scientific way, these Rules are formulated in accordance with the Company Law of the People’s Republic of China (the “**Company Law**”) and other relevant laws, rules and regulatory documents, the Articles of Association of Shanghai Electric Group Company Limited (the “**Articles of Association**”) as well as the relevant rules set out in the Model Rules of Procedures of the Shanghai Stock Exchange for of the Boards of Directors of Listed Companies.

**ARTICLE 2 BOARD OFFICE**

A board office has been established under the Board to deal with daily affairs of the Board. The Secretary of the Board or securities affair representative could serve concurrently as the officer in charge of the board office and keep the seals of the board and the board Office.

**ARTICLE 3 FUNCTIONS AND POWERS AND AUTHORITY OF THE BOARD**

The Board shall be accountable to the general meeting, and exercise the following functions and powers:

- (1) to be responsible for the convening of shareholders’ general meetings and report its work to the shareholders’ general meetings;
- (2) to implement resolutions of the shareholders’ general meetings;
- (3) to decide on the Company’s business plans and investment plans;
- (4) to formulate the annual financial budgets and final accounts of the Company;
- (5) to formulate the Company’s profit distribution plans and plans on making up losses;
- (6) To formulate the plan for increase or reduction of the Company’s registered capital, and the plan for issue of the Company’s bonds;

- (7) To prepare plans for the Company's material acquisition, repurchase of the Company's share, or the Company's merger, division, dissolution;
- (8) To decide on the internal management structure of the Company;
- (9) to appoint or dismiss general manager; to appoint or dismiss deputy general managers and other senior management (including person-in-charge of finance) of the Company in accordance with the nominations by general manager, and to decide on their remunerations;
- (10) to formulate the basic management system of the Company;
- (11) to formulate amendments to the Articles;
- (12) to review any asset mortgage created by the Company over any of its owned property, equipment or equity investment for the benefit of any financial institution or other institution with a total amount exceeding RMB1,000,000,000 but not more than 10% of the most recently audited total assets of the Company and 30% of the net assets of the Company;
- (13) to review any entrusted wealth management in a total amount exceeding RMB800,000,000 but not more than 10% of the most recently audited total assets of the Company and 30% of the net assets of the Company;
- (14) to decide on matters relating to investment, purchase or sale of assets, mortgage of assets, external guarantee, financial assistance, entrusted wealth management, related party transactions and external donations by the Company within the scope of authority conferred by the general meeting of shareholders;
- (15) to debrief the audit committee's report on risk management and internal control, and review at least once a year on the effectiveness of the risk management and internal control system of the Company and its principal subsidiaries;
- (16) other functions and powers as stipulated in the Articles or granted by the shareholders' general meeting.

Any resolution of the board of directors on any of the foregoing matter, other than those set forth in the following, may be adopted by a simple majority.

Except for the consideration and approval of more than half of all directors, the transaction matter of “providing guarantee” occurred in the Company shall also be considered and approved by more than two-thirds of the directors present at the meeting of Board.

Except for the consideration and approval of more than half of all directors, the transaction matter of “financial assistance” occurred in the Company shall also be considered and approved by more than two-thirds of the directors present at the meeting of board of directors. However, the case where the object of funding is a controlling subsidiary within the scope of consolidated statements of the Company, and the other shareholders of the controlling subsidiary do not include the controlling shareholder, actual controller of the Company and their related parties excluded.

If the Company provides financial assistance to a related invested company that is not controlled by the controlling shareholder or actual controller of the Company, and other shareholders of the related invested company provide financial assistance with the same conditions in proportion to their capital contributions, it shall be considered and approved by more than half of all non-related directors, and also be considered and approved by more than two-thirds of the non-related directors present at the board meeting, and submitted to the shareholders’ general meeting for consideration. Except for the above-mentioned circumstances, the Company shall not provide financial assistance to the related parties.

The board of directors also authorise the chairman to decide the following matters: the establishment of the Company’s internal management organisation and branches; the appointment and replacement of directors and senior management personnel of wholly-owned subsidiaries; and the appointment, replacement or nomination of shareholder representatives, directors and senior management personnel (candidates) of subsidiaries in which the Company holds a controlling or other interest.

With regard to any of the above-mentioned transactions requiring the approval of the board or the chairman, if such transaction reaches the threshold for examination by the shareholders’ general meeting as provided in the Articles of the Company, it shall be submitted to the shareholders’ general meeting for examination accordingly.

The following matters shall be submitted to the board for deliberation after the consent of a simple majority of all the independent Directors of the Company is obtained:

- (1) disclosable related party transactions;
- (2) proposals for the Company and the relevant parties to modify or waive their undertakings;
- (3) the decisions made and the measures taken by the Board in relation to the acquisition of the Company;
- (4) other matters prescribed by laws, administrative regulations, the securities regulatory authority of the place where the shares of the Company are listed, business rules of stock exchanges and the Articles of Association.

#### **ARTICLE 4 BOARD MEETINGS**

Board meetings include regular meetings and extraordinary meetings.

The board shall meet at least once in the first half and in the second half of the year respectively.

#### **ARTICLE 5 COLLECTION OF MOTIONS**

The secretary of the board shall be responsible for collecting draft motions regarding matters to be discussed at the board meeting. The secretary of the board shall collate the relevant information and submit the same to the chairman, setting out the time, venue, and agenda of the meeting.

The collection of motions shall mainly have regard to the following circumstances:

- (1) matters proposed by directors;
- (2) matters proposed by the supervisory committee;
- (3) motions made by any special committees of the board of directors;
- (4) matters proposed by the general manager;
- (5) matters to be considered at a shareholders' meeting (shareholders' general meeting) which shall be convened by a holding subsidiary of the Company or by a company in which the Company is a shareholder.

## **ARTICLE 6 MOTIONS TO BE MADE AT BOARD MEETINGS**

Before dispatching the notice of regular meeting of the board, the board office shall enquire the directors for matters to be discussed and then proposes motions to the chairman for consideration. Before preparing the motions, the chairman shall, if necessary, seek opinions of the general manager and other senior management members.

A proposal for an extraordinary board meeting shall be in written form submitted to the chairman directly or via the board office, and the written proposal shall contain:

- (1) name of the proposer;
- (2) reason for the proposal or the objective facts on which the proposal is based;
- (3) clear and specific particulars of the motions; and
- (4) contacts of the proposer and date of proposal, etc.

The motion proposed shall be within the functions and powers of the board as specified in the Articles of Association and shall be submitted together with the relevant documents.

The board office shall present to the chairman the aforesaid proposal and related documents on the day of receipt of the same. If the chairman considers that the particulars of the proposal are unclear or not specific or the relevant documents are inadequate, the chairman may require the proposer to amend or supplement the proposal.

## **ARTICLE 7 CONVENING AND PRESIDING OF MEETINGS**

Board meetings shall be convened and presided over by the chairman; or if the chairman is unable to perform the duty, a vice chairman authorized and appointed by the chairman shall convene and preside over the meeting; or if the vice chairman so authorized is unable to perform the duty, a director elected by the majority of the directors shall convene and preside over the meeting.

## ARTICLE 8 NOTICE OF MEETING

Notice of meetings of the board of directors shall be delivered according to the following requirements:

- (1) If the venue and time of the regular meeting of the board of directors have been fixed by the board, then no notice is required to be sent;
- (2) If the Board of Directors has not fixed the time and venue for the regular meeting, a notice of the time and venue of the board meeting shall be served to all directors and supervisors ten (10) days prior to the meeting by email, cable, telegraph, fax, special delivery, registered mail, by person or other notification methods permitted by the stock exchange where the company's shares are listed;
- (3) To consider urgent matters, the chairman shall instruct the secretary for the board to serve notice of the time, venue and form of the extraordinary board meeting by email, cable, telegraph, fax, special delivery, registered mail, by person or other notification methods permitted by the stock exchange where the company's shares are listed to all directors and supervisors at least five (5) and no more than ten (10) days prior to the meeting;
- (4) Notices including agenda of the meeting shall be in Chinese, and in English additionally if necessary. Any director may decide to give up the right to receive notice of the meeting of the board;

A director, who attends to the meeting and has not shown disagreement on receiving notice of the meeting before attending the meeting or at the time of arriving, is deemed to have received notice.

## **ARTICLE 9 CONTENTS OF THE NOTICE OF MEETING**

A written notice of meeting shall include, inter alia, the following details:

- (1) time and venue of the meeting;
- (2) form of the meeting;
- (3) matters (motions) to be considered;
- (4) convener and chairman of the meeting, or proposer of the extraordinary meeting, and written proposals;
- (5) materials needed to be considered by directors for voting;
- (6) requisition for the attendance of the directors in person or by appointing other directors as proxy;
- (7) contact person and means of contact.

A verbal notice of meeting shall at least include items (1) and (2) above, and an explanation on the urgent circumstances which require that an extraordinary board meeting be convened promptly.

## **ARTICLE 10 CHANGES OF THE NOTICE OF MEETING**

If, after the written notice of a regular board meeting is sent, it is necessary to change the time, venue, etc. of the meeting or add, change or withdraw motions to the meeting, a written notice of change shall be sent three days before the date originally scheduled for the meeting providing explanations and details of the new motions and the relevant documents. If the notice of change is less than three days, the date of meeting shall be postponed accordingly unless unanimously approved by all the attending directors.

If, after the notice of an extraordinary board meeting is sent, it is necessary to change the time, venue, etc. of the meeting or add, change or withdraw motions to the meeting, prior consent of all attending directors must be sought and proper records should be maintained.

Where two or more independent directors are of the opinion that the materials are incomplete or insufficiently demonstrated, they may jointly submit a written proposal to the board of directors to postpone the meeting or postpone the consideration of the matter, and the board of directors shall adopt such proposal accordingly.

## **ARTICLE 11 HOLDING OF MEETINGS**

Board meetings shall be held only if more than half of the directors are present. If any director refuses or fails to attend the meeting so that the number of attendees falls short of the quorum required for convening the meeting, the chairman and the secretary of the board shall promptly report to the supervisory authority.

Supervisors may attend board meetings as non-voting attendees. The general manager and the secretary of the board who do not serve concurrently as director shall attend board meetings as non-voting attendees. The chairman of the board meeting may, if he deems necessary, invite other relevant persons to attend board meetings as non-voting attendees.

## **ARTICLE 12 ATTENDING MEETINGS IN PERSON OR BY PROXY**

In principle, the directors shall attend Board meetings in person. Where a director is unable to attend a meeting for any reason, he shall peruse the meeting documents in advance, form definite opinions, and appoint another director in writing to attend the meeting on his behalf.

The power of attorney shall specify:

- (1) The names of the principal and proxy;
- (2) Outline opinions of the principal on respective proposals;
- (3) The principal's scope of authorization, valid term and instructions about voting intent in relation to respective proposals;
- (4) Signature of the principal and proxy, date, etc.

Where any director signs the regular reports by proxy, the said director shall specify such authorization in the power of attorney.

The proxy director shall present the written power of attorney to the chairman of the meeting, and explain proxy attendance in the attendance book.

### **ARTICLE 13 RESTRICTION ON PROXY**

The following shall be observed when appointing a proxy and accepting the appointment as proxy:

- (1) If any related party transaction is to be considered, a non-related director shall not appoint a related director to attend the meeting on his behalf, and a related director shall not accept the appointment by a non-related director;
- (2) An independent director shall not appoint a non-independent director to attend the meeting on his behalf, and a non-independent director shall not accept the appointment by an independent director;
- (3) A director shall not give any other director carte blanche to attend the meeting and vote on his behalf without giving his own views and voting instruction, and the relevant director shall not accept the carte blanche or any unspecified appointment;
- (4) A director shall not accept appointments from more than two directors, and a director shall not appoint any other director who has been appointed by two other directors to attend the meeting and vote on their behalf.

### **ARTICLE 14 FORMS OF MEETINGS**

Board meetings shall be held on site as far as possible. If necessary, board meetings shall also be conducted in a non-on-site manner via videoconference, telephone conference, fax or email provided that the directors can fully express their views. The motions to be proposed at the board meetings must be sent to each director by electronic mail, teletex, telegram, fax, courier, registered mail, by hand or other notification methods permitted by the stock exchange where the company's shares are listed. For board meetings not being held on site, resolutions will be deemed to be duly passed at the meeting if the number of directors who signed the written acknowledgement forms a quorum as required for the relevant resolution under the Articles of Association.

## **ARTICLE 15 PROCEDURE OF MEETING**

The chairman of the meeting shall seek the views of the attending directors on each motions.

Regarding any motion requiring prior consent of independent directors, the written consent formed by the independent directors shall be read out by an independent director before the relevant motion is discussed by the attending directors.

The chairman of board meeting shall promptly prevent any director from hindering the normal progress of the meeting or interrupting another director who is making a speech.

Without unanimous consent by all attending directors, resolution not contained in the notice of the meeting shall not be put to vote at the board meeting. A director acting as a proxy of another director shall not vote on behalf of any other director on any resolution not contained in the notice of the meeting.

## **ARTICLE 16 EXPRESSION OF OPINIONS**

The directors shall carefully read the material to be tabled at the meeting and express their well-informed, independent and discreet opinions.

The directors may, before the meeting, inquire about information needed for decision making from relevant persons or institutions such as the board office, the convener of the meeting, the general manager and other senior management members, special committees, accounting firms or law firms, and may, while the meeting is underway, suggest the chairman of the meeting to invite the aforesaid persons or institutions to give explanations at the meeting.

## **ARTICLE 17 VOTING**

After adequate discussion, the chairman of the meeting shall put each resolution to the vote of the attending directors.

Each attendee shall cast one vote and shall be conducted by way of open ballot.

Each director may vote for, or against a resolution or abstain from voting. Each attending director shall choose one out of the aforesaid intents. If any director does not make any choice or selects two or more choices, the chairman of the meeting shall require the director to make his choice again, otherwise the director shall be deemed as having abstained from voting. Any director who has left the meeting without making any choice shall be deemed as having abstained from voting.

## **ARTICLE 18 COUNTING OF BALLOTS**

After voting of the attending directors, the securities affairs representative and the relevant board office personnel shall promptly collect the ballots cast by the directors for counting by the secretary of the board under the supervision of a supervisor or independent director.

For meetings being held onsite, the chairman of the meeting shall announce the voting result immediately. Otherwise, the chairman of the meeting shall require the secretary of the board to notify the directors of the voting result before the next business day after the voting deadline.

The vote cast by any director after the chairman of the meeting announces the voting result or after the voting deadline shall not be counted.

## **ARTICLE 19 PASSING OF RESOLUTIONS**

Except for the circumstances prescribed in Article 20 of these Rules, resolution adopted at the board meeting shall be passed if voted for by more than half of all directors of the Company. If the laws, administrative regulations and Articles of Association require approval by more directors, such requirement shall apply.

If different resolutions conflict with each other, the resolutions passed later shall prevail.

## **ARTICLE 20 ABSTENTION FROM VOTING**

In any of the following circumstances, the directors shall abstain from voting on the relevant resolution:

- (1) the listing rules of the stock exchange where the shares of the Company are listed require that the directors shall abstain from voting;
- (2) the directors themselves consider that they should abstain from voting;
- (3) the directors are connected with an enterprises involved in the resolution and shall therefore abstain from voting pursuant to the Articles of Association.

If any director abstains from voting, more than half of the non-related directors shall form a quorum of the meeting. The resolution shall be passed if voted for by more than half of the non-related directors. If the number of the attending non-related directors is less than three, the relevant resolution shall not be put to vote and shall be submitted to the shareholders' general meeting for consideration.

## **ARTICLE 21 RESTRICTION OF AUTHORITY**

The directors shall act in strict accordance with the authorization granted by the shareholders' general meetings and the Articles of Association and shall not pass any resolution beyond their authority.

## **ARTICLE 22 ARRANGEMENT FOR RESOLUTION NOT PASSED**

If any resolution is not passed, the same resolution shall not be considered by the board meeting within one month unless the relevant conditions and factors have changed significantly.

## **ARTICLE 23 SUSPENSION OF VOTING**

If more than half of the attending directors or more than two independent directors are of the view that the relevant motion is not clear or specific or the meeting materials provided are inadequate and that no judgment can be made thereon, the chairman of the meeting shall demand a suspension of voting on the said motion.

A director proposing suspension of a motion shall state the specific information required for resubmission of the motion.

## **ARTICLE 24 RECORDINGS OF MEETINGS**

Board meetings held onsite or via videoconference or telephone may be tape-recorded where necessary.

## **ARTICLE 25 MINUTES OF BOARD MEETINGS**

The secretary of the board shall have the minutes of the board meetings properly taken by the work personnel of the board office. The minutes shall include the following information:

- (1) number of the meeting, time, venue and form of the meeting;
- (2) delivery of the notice of meeting;
- (3) convener and chairman of the meeting;
- (4) attendance of directors in person or by proxy;
- (5) the motions considered, main comments and opinions of directors and their votes on relevant issues;
- (6) the form and result of voting on each motion (specify the numbers of votes for, against and abstention);
- (7) other matters that the attending directors consider shall be included.

## **ARTICLE 26 SIGNING OF MINUTES BY THE DIRECTORS**

The attending directors shall sign the minutes of the meeting and records of the resolutions in person or on behalf of the directors appointing them to attend the meeting. If the directors disagree to the minutes of the meeting or the records of the resolutions, they may make written remarks when signing the said minutes or records. If necessary, they shall promptly report to the regulatory authority or make a public announcement.

If any director does not sign as per the preceding paragraph or express his disagreement in writing or report to the supervisory authority or make a public announcement, the said director shall be deemed as agreeing to the minutes of the meeting or the records of the resolutions.

## **ARTICLE 27 ANNOUNCEMENT OF RESOLUTIONS**

Resolutions of the board shall be announced by the secretary of the board pursuant to relevant listing rules of the stock exchange where the shares of the Company are listed. Before the resolutions are announced, the attending directors, other persons attending the meeting as non-voting attendees, and the recording and service staff shall keep the relevant information confidential.

## **ARTICLE 28 IMPLEMENTATION OF RESOLUTIONS**

The chairman of the board shall organize and oversee the implementation of the resolutions of the board and report accordingly at subsequent board meetings.

## **ARTICLE 29 MAINTENANCE OF DOCUMENTS OF BOARD MEETINGS**

Documents of board meetings, including notices of meetings, meeting documents, attendance book, power of attorney for proxy, meeting recordings, votes, minutes signed by attending directors, records of resolutions, announcements of resolutions, etc., shall be kept by the secretary of the board.

Documents of board meetings shall be kept for 15 years.

## **ARTICLE 30 MISCELLANEOUS**

References to “more than” in these Rules are inclusive of the relevant number.

These Rules are an appendix to the Articles of Association, and shall take effect upon approval by the shareholders’ general meeting by way of a special resolution, and any change of these Rules which shall be subject to the same procedure.

The power of interpretation of these Rules shall be vested in the board of directors.