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Shenyang Public Utility Holdings Company Limited

Rules of Procedures for the Board of Directors

January 30, 2024

CHAPTER 1 GENERAL PROVISIONS

Article 1 In order to ensure the board of directors of Shenyang Public Utility Holdings Company Limited (hereinafter referred to as the “**Company**”) exercise powers independently and effectively in accordance with laws and regulations, guarantee the efficient and standard operation and scientific decision-making of the board of directors, and improve the Company’s governance structure, these rules are formulated pursuant to the Company Law of the People’s Republic of China (hereinafter referred to as the “**Company Law**”), the Securities Law of the People’s Republic of China, the Guidance for the Articles of Listed Companies, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Hong Kong Listing Rules**”), the Articles of Association of Shenyang Public Utility Holdings Company Limited (hereinafter referred to as the “**Articles of Association**”) and other pertinent requirements in the listing place of the Company or stock exchange, taking into account the Company’s conditions.

Article 2 The board of directors shall report to the shareholders’ general meeting. The board meeting is a major method adopted by the board of directors to discuss official business. Attending the board meeting is a basic way for directors to perform their responsibilities.

CHAPTER 2 COMPOSITION AND POWER OF THE BOARD OF DIRECTORS

Article 3 The board of directors is composed of seven directors, which shall have one chairman and may have vice chairman, of whom three are executive directors and four are non-executive directors (including three independent non-executive directors). Among the members of the board of directors, external directors (referring to directors who do not hold internal positions within the Company, including independent non-executive directors) shall account for more than half of the board of directors. Independent non-executive directors shall account for more than one-third of the board of directors, and shall be not less than three persons.

At least one of the independent non-executive directors shall have appropriate professional qualifications or appropriate accounting or related financial management expertise. In other words, such independent non-executive directors must have, through experience as a public accountant or auditor or as a chief financial officer or principal accounting officer of a listed company or through performance of similar functions, experience with internal controls and in preparing, auditing, reviewing and analysing financial statements of listed companies

Article 4 Directors shall be elected by the shareholders' general meeting for a term of three years. Directors may be re-elected upon expiration of their term of office. The chairman and vice chairman shall be elected by more than half of all directors for a term of three years and may be re-elected. Directors are not required to hold shares in the Company.

Article 5 The board of directors shall be responsible to the shareholders' general meeting and exercise the following powers:

- (1) to be responsible for convening the shareholders' general meeting and to report on its work to the shareholders' general meeting;
- (2) to implement the resolutions of the shareholders' general meeting;
- (3) to decide on the Company's business plans and investment plans;
- (4) to formulate the Company's annual preliminary and final financial budgets;
- (5) to formulate the Company's profit distribution plan and plan for making up losses;
- (6) to formulate proposals for increases or reductions in the Company's registered capital, the issuance of debentures or other securities and public listing;
- (7) to draw up plans for the Company's major acquisitions, acquisition of the shares in the Company, merger, division, dissolution and change of corporate form;
- (8) under authorization by the shareholders' general meeting, to decide on matters such as the Company's external investment, assets acquisitions and disposals, asset pledge, guarantees, entrusted wealth management, bank credit, connected transactions and external donations, etc.;
- (9) to decide on the establishment of the Company's internal management structure;
- (10) to decide on the appointment or dismissal of the Company's general manager and secretary to the board of directors, and to determine their compensation, bonus and penalty issues; pursuant to the nomination of the general manager, to decide on the appointment or dismissal of the Company's deputy general manager, financial controller and other senior management personnel, and to determine their compensation, bonus and penalty issues;
- (11) to establish the Company's basic management system;
- (12) to formulate proposals for any amendments of the Articles of Association;
- (13) to manage information disclosure matters of the Company;
- (14) to propose resolutions to the shareholders' general meeting for the engagement or replacement of the accounting firm that provides auditing service to the Company;

- (15) to receive report from the general manager of the Company and inspect the work of the general manager;
- (16) to exercise other powers vested by laws, administrative regulations, departmental rules, provisions under the Hong Kong Listing Rules as well as authorized by the shareholders' general meeting and the Articles of Association.

Article 6 The board of directors shall explain to the shareholders' general meeting the non-standard audit opinions issued by certified public accountants on the Company's financial report.

Article 7 The board of directors shall establish strict examination and approval procedures by setting the scope of authority for conducting external investment, assets acquisitions and disposals, asset pledge, guarantees, entrusted wealth management, connected transactions and external donations, etc.; major investment projects shall be examined by experts and other professionals, and be submitted to the shareholders' general meeting for approval.

Article 8 The chairman of the board of directors shall exercise the following powers:

- (1) to preside over shareholders' general meetings and to convene and preside over board meetings;
- (2) to supervise and inspect the implementation of the board resolutions;
- (3) to sign important documents of the board of directors and other documents that shall be signed by the legal representative of the Company;
- (4) to propose a list of candidates for the general manager and the secretary to the board of directors of the Company;
- (5) in the event of an occurrence of any severe natural disaster or any other force majeure event, to exercise his/her special power of disposition in relation to the affairs of the Company in compliance with the legal provisions and in the interests of Company and, subsequently report such disposition to the board of directors and shareholders' general meeting;
- (6) to exercise other powers conferred by the board of directors.

Article 9 The vice chairman of the Company is responsible for assisting the chairman. If the chairman cannot perform his/her duties or fails to perform his/her duties, the vice chairman shall perform the duties accordingly (if the Company has two or more vice chairmen, the vice chairman selected by more than half of the directors shall perform the relevant duties); if the vice chairman cannot perform his/her duties or fails to perform his/her duties, a director selected by more than half of the directors shall perform the relevant duties.

Article 10 The board of directors has an office of the board of directors, which is responsible for handling daily affairs of the board of directors. The secretary to the board of directors shall be in charge of the work of the office of the board of directors.

CHAPTER 3 CONVENING OF BOARD MEETINGS

Article 11 The board meetings include regular meetings and extraordinary meetings. The board of directors shall hold at least four regular meetings every year, and the board meetings shall be convened by the chairman of the board of directors. All directors shall be notified fourteen days before the date of the meeting.

Article 12 Before giving the notice on convening a regular board meeting, the office of the board of directors shall fully solicit the opinions of all directors and the general manager to form the initial proposal and then submit it to the secretary to the board of directors for review. The secretary to the board of directors shall then submit to the chairman for finalization.

Before finalizing a proposal, the chairman shall solicit the opinions of the general manager and other senior managers as necessary.

Article 13 Shareholders representing more than one-tenth of the voting rights, more than one-third of the directors or the supervisory committee may propose to convene an extraordinary board meetings. The chairman shall convene and preside over the board meeting within ten days after receiving the proposal.

Article 14 To hold an extraordinary board meeting according to the provision of the previous article, a written request proposal with signatures (seals) of the applicant shall be submitted to the chairman directly or by the office of the board of directors. The written request shall include the following contents:

- (1) the applicant's name;
- (2) reasons or objective bases;
- (3) time or period, venue and way of the meeting;
- (4) clear and detailed proposals;
- (5) contact methods of the applicant and request date, etc.

The contents of proposals shall fall within the scope of powers of the board of directors stipulated in the Articles of Association, and relevant materials shall be submitted together with these proposals. Upon receipt of the aforesaid proposals and relevant materials, the office of the board of directors shall submit them to the chairman on the same day. If the chairman considers contents of these proposals are unclear and vague and relevant materials insufficient, he/she may require the applicant to modify or supplement them.

Article 15 Board meetings are convened and presided over by the chairman. If the chairman cannot perform his/her duties or fails to perform his/her duties, the vice chairman shall convene and preside over the meetings. If the vice chairman cannot perform his/her duties or fails to perform his/her duties, a director selected by more than half of the directors shall convene and preside over the meetings.

Article 16 To hold a regular or an extraordinary board meeting, the office of the board of directors shall respectively send a written notice fourteen days and five days prior to the meeting to all directors, supervisors, general manager and secretary to the board of the directors by direct delivery, fax or email.

If an extraordinary board meeting is needed under urgent circumstances, the convener may issue the meeting notice orally or by telephone, without being subject to the above restrictions, in which case the convener shall give an explanation at the meeting.

Article 17 The written notice of board meeting shall include the following:

- (1) date, place and duration of the meeting;
- (2) methods of holding the meeting;
- (3) reasons and issues;
- (4) date of issuance of notice.

Oral meeting notice shall at least include Items (1) and (2) above, and the explanation that an extraordinary board meeting shall be held as early as possible under the urgent circumstances.

Article 18 The notice of board meeting issued by the Company shall provide sufficient information. When more than one-fourth of the directors or more than two independent non-executive directors consider the resolution information insufficient or the demonstration unclear, they may jointly propose to delay the board meeting or postpone the matters under consideration, which the board of directors shall approve.

Article 19 After the issuance of the written meeting notice of the regular board meeting, any changes of the time and location or any additions, changes or cancellations of the meeting proposals, a written change notice shall be issued three days before the original meeting date for the purpose of explaining the situation and new proposed content and related materials. If it is less than three days, the meeting date shall be postponed accordingly or held as scheduled after obtaining the approval of all attending directors.

After the issuance of the notice of the extraordinary board meeting, any changes of the time and location or any additions, changes or cancellations of the meeting proposals, the approval of all attending directors shall be obtained in advance and corresponding records shall be kept.

Article 20 The board meetings could only be held with the attendance of more than half of the directors.

Supervisors may attend board meetings as non-voting attendees. If the general manager and secretary to the board of directors do not concurrently serve as directors, they shall attend board meetings as non-voting attendees. The convener, if considering necessary, may invite other relevant personnel to attend board meetings as non-voting attendees.

Article 21 Board meetings shall be attended by the directors in person. If a director is unable to attend for any reason, he/she may entrust in written other directors to attend on his/her behalf. The power of attorney shall include the name of the representative, matters of representation, scope of authorization and validity period, and shall be signed or sealed by the entrustor.

A director attending the meeting on another director's behalf shall exercise the rights of the director within the scope of authorization. If a director does not attend a board meeting and does not entrust a representative to attend, he/she shall be deemed to have waived his/her right to vote at the meeting.

Article 22 The person entrusting another person to attend or being entrusted by another person to attend a board meeting shall comply with the following principles:

- (1) when reviewing connected transactions, neither related directors shall entrust or represent non-related directors to attend; nor non-related directors shall accept entrustment of related directors;
- (2) neither independent non-executive directors shall entrust other directors other than independent non-executive directors to attend on their behalf, nor directors other than independent non-executive directors shall accept the entrustment of independent non-executive directors;
- (3) neither directors shall fully authorize other directors to attend on their behalf without stating their personal opinions and voting intentions on the proposal, nor relevant directors shall accept entrustment of full authorization or unclear authorization.
- (4) Each director can only accept the entrustment of one director, and a director shall not entrust a director who has accepted the entrustment of other directors to attend on his/her behalf.

Article 23 Directors may learn information necessary for decision-making from relevant persons and institutions such as the office of the board of directors, meeting convener, general manager and other senior management personnel, special committees, accounting firm and law firm before the meeting. They may also suggest the chairman at the meeting to invite above persons and institution representatives to attend the meeting and make explanations.

Article 24 The Company's functional departments are obliged to provide information and materials to the board of directors for decision-making. The functional departments and relevant personnel that provide information and materials shall be responsible for the authenticity, accuracy and completeness of the internal information of the Company, which can be objectively described. The reliability of external information and materials of the Company shall be evaluated before being provided to the board of directors for decision-making reference and explained to the board of directors.

CHAPTER 4 VOTING AT THE BOARD MEETING

Article 25 Board meetings shall generally be held on site. On the premise of ensuring that directors can fully express their opinions, written voting may be adopted instead of holding physical board meetings. However, the proposals submitted for written voting must be complete, comprehensive and be delivered to each director personally, by mail, fax or electronic communication. If the board of directors has distributed the proposed board resolutions to all directors, and the number of directors who signed and agreed has reached the number required for making the resolution in accordance with the provisions of the Articles of Association, the board resolution shall be valid without the need to further convene a board meeting.

In an emergency, the board meeting may be voted by correspondence, but the convener shall explain the specific emergency situation to the attending directors. When voting by correspondence, directors shall fax their written opinions and voting intentions on the matters under consideration to the office of the board of directors upon signing. Directors shall not only state their voting opinions without expressing their written opinions or reasons for voting.

Article 26 The presider shall request the attending directors to raise pronounced opinions on each proposal.

Except as approved unanimously by all attending directors, the board meeting shall not vote on any proposal that is not included in the meeting notice. Unless specified in the power of attorney, a director entrusted by other directors to attend the meeting shall not vote on the proposal beyond the meeting notice on his/her behalf.

Article 27 Directors shall read meeting documents earnestly, and express independent and prudent opinions based on full understanding of relevant conditions.

Article 28 Each attendee shall cast one vote at the board meetings. For several parallel or different matters contained in the same proposal, the board of directors may consider and vote on them separately.

Voting at the physical board meeting (including video conferences) may take the form of raising hands or registered ballot. In the event that a director attends a physical meeting by telephone conference or by means of similar communication equipment, all attending directors shall be deemed to have attended the meeting in person, so long as the attending directors can hear and communicate with each other. On the premise of ensuring that directors can fully express their opinions, board meetings may be held through correspondence voting and resolutions must be signed by the attending directors. Voting by correspondence shall stipulate the effective time limit for voting. Directors who fail to express their opinions within the specified time limit shall be deemed to have abstained from voting.

The voting intent of a director may be for, against or abstention. Every attending director shall choose one out of the aforesaid intents. Where any director does not make any option or makes two or more options, the presider shall require the said director to make an option again, otherwise the said director shall be deemed as having abstained from voting; any director who has left the meeting midway without coming back and has not made any option shall be deemed as having abstained from voting. If the voting intent is con or abstention, the reasons shall be stated in writing.

Unless otherwise provided by laws, administrative regulations or the Hong Kong Listing Rules, the board resolutions shall be passed by a majority of votes.

Article 29 Under the following circumstances, a director shall avoid voting on the relevant proposals:

- (1) when a director is connected to companies involved in a resolution to be resolved at a board meeting;
- (2) when a director deems necessary to avoid voting;
- (3) when the laws, the Hong Kong Listing Rules and the Articles of Association stipulated that a director should avoid voting;

Under the above circumstances, a board meeting can be held if more than half of the non-related directors attend and the resolutions made by the board meeting shall be passed by more than half of the non-related directors. If less than three non-related directors attend the board meeting, the matter shall be submitted to the shareholders' general meeting for consideration.

Article 30 The directors shall act as authorized by the shareholders' general meetings and the Articles of Association, and shall not make any resolution beyond authority.

Article 31 Upon completion of the voting by the directors present at the meeting, the relevant staff of the secretary to the board of the directors shall collect the votes of the directors in a timely manner and deliver them to the secretary to the board of the directors for counting under the supervision of a supervisor or an independent non-executive director.

When the meeting is held on site, the presider shall announce the voting result on the spot, and shall, under other circumstances, notify the directors of the voting result on the following working day after the expiry of the voting period.

If a director votes after the presider has announced the voting result or after the expiry of the voting period, his/her voting ballots will not be included.

Article 32 If a proposal fails to be adopted and the relevant conditions and elements thereof are not changed substantially, the board of directors shall not convene meetings to review the same proposal within one month thereafter.

Article 33 The board meeting held on site or by electronic communication or other means can adopt all-range recording as necessary.

Article 34 Directors shall take responsibilities for resolutions adopted by the board of directors. In case a board resolution violates laws, administrative regulations or the Articles of Associations and caused heavy losses to the Company, the directors participating in the resolution adoption shall be liable for the compensation thereof; provided, however, that the director proved to vote against and kept a record in the minutes may be immune from the liability.

CHAPTER 5 MINUTES OF MEETINGS OF BOARD OF DIRECTORS

Article 35 The secretary to the board of directors shall appoint an employee at the office of the board of directors to make the minutes of board meetings. Such minutes shall include the following contents:

- (1) the date and venue of the meeting and the name of the convener;
- (2) the names of the directors present at the meeting and the names of the Directors (proxies) appointed by others to attend the meeting;
- (3) agenda of the meeting;
- (4) main points made by the directors;
- (5) the voting method and result of each resolution (the voting result shall specify the number of votes for, against or abstention).
- (6) other matters that the attending directors deem necessary to include in the minutes;
- (7) other matters that shall be recorded in accordance with laws, administrative regulations and regulatory documents.

Article 36 The attending director himself/herself or the director entrusted to attend the meeting shall sign the minutes and resolution records. If having disagreement on the minutes or the resolution records, the directors can make written statements when signing.

Article 37 If a director neither signs the minutes pursuant to the aforesaid clause nor makes a written statement of his/her dissenting opinions, the director shall be deemed to fully agree to the minutes and resolution records.

Article 38 The files of board meetings, including meeting notice and materials, attendance book, the power of attorney authorizing proxy directors to attend the meeting, meeting recordings, voting ballots, minutes signed by present directors, summary of minutes and resolution records, etc. shall be kept by the office of the board of directors as the Company files, with the storage life not less than ten years.

Article 39 If any director issues a reasonable notice, the Company shall disclose minutes and other meeting files for him or her to look up at any reasonable period.

CHAPTER 6 SUPPLEMENTARY PROVISIONS

Article 40 In the event that any matters not contained in these rules and provisions of these rules conflict with laws and regulations promulgated or amended after these rules come into force, the Hong Kong Listing Rules or the Articles of Association formulated or amended through legal procedures, the laws and regulations, the Hong Kong Listing Rules and the Articles of Association shall be implemented.

Article 41 Revisions to these rules shall be drafted by the board of directors and shall take effect after being proposed to the shareholders' general meeting for approval.

Article 42 The right to interpret these rules shall vest in the board of directors.

Article 43 These rules shall come into force as of the date of approval at the shareholders' general meeting.