Shanghai Electric Group Company Limited

Rules of Procedure for the Audit Committee of the Board

(Approved at the fourth meeting of the sixth session of the Board of the Company on 29 April 2026)

The audit committee of the board of directors (the "Board") of the Company (hereinafter referred to as the "Audit Committee") is mainly responsible for reviewing and overseeing the risk management, financial reporting procedures and internal control system of the Company, reporting the results of such review to the Board and making recommendations. The Audit Committee is also responsible for reviewing the annual, interim and quarterly financial reports, as well as the appointment of and remuneration for the auditing firm (auditors).

ARTICLE ONE MEMBER

Members of the Audit Committee shall be appointed by the Board.

The Audit Committee must consist of no fewer than three directors, all of whom must be non-executive directors.

The term of office of the members of the Audit Committee shall be the same as that of the Board. Upon expiration of their term, the members may be re-elected for successive terms.

The majority of the members of the Audit Committee shall be independent non-executive directors ("INEDs"), at least one of whom must be an accounting professional and possess appropriate professional qualifications or accounting or related financial management expertise as stipulated under the listing rules of the stock exchange where the Company's shares are listed.

A former partner of the Company's existing auditing firm shall be prohibited from acting as a member of the Audit Committee for a period of two years commencing from the later of the following dates on which the relevant event occurs:

(i) the revocation of his or her partner status with that firm;

(ii) the cessation of his or her financial interest in the firm.

ARTICLE TWO CHAIRMAN

The chairman of the Audit Committee shall be appointed by the Board and shall be an accounting professional among the INEDs.

ARTICLE THREE SECRETARY

The company secretary shall be the secretary of the Audit Committee. In the absence of the secretary of the Audit Committee, the members present at the meeting of the Audit Committee shall elect another person as secretary.

ARTICLE FOUR PROCEDURE OF MEETINGS AND QUORUM

Meetings of the Audit Committee shall be presided over by the chairman. If the chairman is unable to attend, he or she shall appoint another member to preside over the meeting.

A meeting of the Audit Committee shall only be held if attended by not less than two thirds of its members. Each member shall have one vote; and resolutions adopted at a meeting must be approved by a majority of all members.

ARTICLE FIVE FREQUENCY OF MEETINGS

The Audit Committee shall convene meetings at least once per quarter. Extraordinary meetings may be convened upon the proposal of two or more members or when the chairman deems necessary.

The chairman of the Audit Committee may convene a meeting upon the request of the accounting firm or the Company's audit department.

ARTICLE SIX ATTENDANCE AT MEETINGS

Members of the Audit Committee shall attend the meetings of the Audit Committee in person. If they are unable to attend in person for any reason, they shall review the meeting materials in advance, form clear opinions, and entrust other members in writing to attend on their behalf.

Each member of the Audit Committee may accept a proxy from no more than one member. The power of attorney shall clearly specify the scope and term of authorization. Where an INED on the Audit Committee is unable to attend a meeting for any reason, such director shall appoint another INED on the Audit Committee to attend on his or her behalf.

The Audit Committee shall, at least once a year, meet with the external auditing firm (auditors) and the chief auditor, without the presence of the executive directors.

Whenever the Audit Committee deems necessary, it may require non-committee directors, senior management personnel, representatives of the accounting firm, internal auditors, financial personnel, legal advisors and other relevant personnel of the Company to attend the meeting to explain the proposals involved, respond to inquiries or provide consulting opinions.

The secretary of the Audit Committee shall attend the meetings of the Audit Committee and be responsible for the preparation of the meeting minutes.

ARTICLE SEVEN NOTICE OF MEETINGS

A meeting of the Audit Committee shall be convened by the chairman of the Audit Committee.

The meetings of the Audit committee shall be held on site in principle. On the premise of ensuring that all participating members can fully communicate and express their opinions, the meetings can be held by video, telephone or other means in accordance with procedures when necessary.

Unless otherwise agreed by all the members of the Audit Committee, the Company shall, in principle, provide relevant materials and information to all members of the Audit Committee no later than three days before the meeting of the Audit Committee.

The agenda and the notice of the meetings shall be prepared by the chairman of the Audit Committee.

ARTICLE EIGHT MINUTES OF MEETINGS AND RESOLUTIONS

The secretary of the Audit Committee shall minute in sufficient detail all matters considered and decisions reached at such meetings. The minutes shall also include any concerns raised by any member of the Audit Committee and the dissenting views expressed. The members of the Audit Committee, the secretary of the Board, the minute-taker and other relevant personnel present at the meeting shall sign and confirm on the meeting minutes.

The secretary of the Audit Committee shall ascertain, at the commencement of each meeting, the existence of any conflicts of interest and minute them accordingly. The relevant member of the Audit Committee shall abstain from voting on, and shall not be counted towards the quorum for, any resolution of the Audit Committee in which he or she, or any of his or her associates has a material interest, unless the interest in the transaction arises solely from assuming responsibilities or obligations for the Company or its subsidiaries, which falls within the exceptions stipulated in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Draft and final versions of the minutes of the Audit Committee meetings shall be sent to all members of the Audit Committee for their comment and record respectively, in both cases within seven days after the meeting. Once the minutes are signed, the minutes shall be circulated to all members of the Board.

Minutes of the Audit Committee shall be kept by the secretary of the Audit Committee and shall be available for inspection by any member of the Audit Committee or the Board at any reasonable time on reasonable notice.

The proposals adopted at the Audit Committee meeting and the voting results shall be formulated into written resolutions, and the members present at the meeting shall sign the written resolutions.

The resolution shall include:

(i) the date, venue and the name of the convener of the meeting;

(ii) the number of members who should be present and the number of members actually present;

(iii) the content of the proposals deliberated and voted on at the meeting and the voting results;

(iv) other matters that shall be stated and recorded in the resolution.

ARTICLE NINE ANNUAL GENERAL MEETING

The chairman of the Audit Committee or his or her authorized representative shall attend the annual general meeting of the Company and be prepared to answer questions regarding the activities and responsibilities of the Audit Committee at such meeting.

ARTICLE TEN OTHER PROVISIONS GOVERNING THE MEETINGS AND PROCEDURES OF THE AUDIT COMMITTEE

Unless otherwise required above, the provisions contained in the Company's Articles of Association governing the meetings and procedures of the Board shall apply to the meetings and procedures of the Audit Committee.

ARTICLE ELEVEN TERMS OF REFERENCE

(i) To inspect the Company's compliance with applicable laws, regulations and rules, and to review the implementation of the Board resolutions and the exercise of powers authorized by the Board.

(ii) The Audit Committee is responsible for evaluating and defining the nature and extent of the risks the Company is willing to take in achieving its strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The Audit Committee should oversee the management's design, implementation and monitoring of the risk management and internal control systems, and should review the work report provided by the management on the effectiveness of these systems. The Audit Committee should oversee the Company's risk management and internal control systems on an ongoing basis, ensure that the effectiveness of the Company's and its subsidiaries' risk management and internal control systems is reviewed at least annually and report to the shareholders in the Corporate Governance Report that such review has been conducted. The review should cover all material controls, including financial, operational and compliance controls. The Audit Committee's annual review should, in particular, consider:

1. the changes, since the last annual review, in the nature and extent of significant risks, and the Company's ability to respond to changes in its business and the external environment;

2. the scope and quality of management's ongoing monitoring of risks and of the internal control systems, and where applicable, the work of its internal audit function and other assurance providers;

3. the extent and frequency of communication of monitoring results to the Audit Committee;

4. significant control failings or weaknesses that have been identified during the period. Also, the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the Company's financial performance or position;

5. the effectiveness of the Company's procedures for financial reporting and compliance with the listing rules of the stock exchange on which the Company's shares are listed.

(iii) Relationship with the Company's external auditing firm (auditors)

1. to make recommendation to the Board on the appointment, reappointment and removal of the external auditing firm (auditors), and to approve the remuneration and terms of engagement of the external auditing firm (auditors), and to consider any questions of resignation or dismissal of that auditing firm (auditors);

2. to review and monitor the external auditing firm (auditors)'s independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

3. to discuss with the external auditing firm (auditors) the nature and scope of the audit and the reporting obligations before the audit commences;

4. to ensure co-ordination where more than one audit firms are involved;

5. to develop and implement policy on the engagement of an external auditing firm (auditors) to provide non-audit services. For this purpose, external auditing firm (auditors) shall include any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The Audit Committee shall report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and make recommendations as to the steps to be taken.

(iv) Review of financial information and disclosure of the Company

1. to monitor integrity of financial statements of the Company and the completeness of Company's annual report and accounts, interim report and quarterly report, and to review significant financial reporting judgments contained in them. In this regard, in reviewing the Company's annual report and accounts, interim report and quarterly report before submission to the Board, the Audit Committee shall focus particularly on the review of the following matters:

(1) any changes in accounting policies and practices;

(2) major judgmental areas;

(3) significant adjustments resulting from audit;

(4) the going concern assumptions and any qualifications;

(5) compliance with accounting standards;

(6) compliance with relevant financial reporting and disclosure requirements under the listing rules and the applicable laws of the places where the Company's shares are listed.

2. to review the Company's financial reports and their disclosures, members of the Audit Committee shall liaise with the Company's Board and senior management. The Audit Committee shall have meetings with the auditing firm (auditors) of the Company at least twice a year.

3. the Audit Committee shall consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts and must give due consideration to any matters raised by the Company's finance, audit and relevant departments or auditing firm (auditors).

(v) Oversight of the Company's financial reporting, risk management and internal control systems

1. to review the Company's financial controls, and the rationality, reasonableness, effectiveness and performance of the Company's and its major subsidiaries' risk management and internal control systems;

2. to discuss with the management the systems of risk management and internal control and ensure that management has discharged its duty to have effective systems in place, and to make suggestions for any action against persons who have violated respective rules and regulations. This discussion shall include the adequacy of resources, staff qualifications and experience in its accounting, internal audit and financial reporting functions, and whether the training programmes undertaken by employee and the relevant budget are sufficient;

3. to consider any findings of major investigations of risk management and internal control matters and management's response to these findings as delegated by the Board or on its own initiative;

4. to ensure co-ordination between the internal auditors and external auditing firm (auditors), and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor the effectiveness of the internal audit function; to form opinion on the diligence and performance assessment of internal auditors;

5. to supervise and evaluate the internal audit work, including, without limitation:

   (1) to direct and supervise the establishment and implementation of the internal audit system;

   (2) to review the Company's annual internal audit work plan;

   (3) to oversee the implementation of the Company's internal audit plan;

   (4) to guide the effective operation of the internal audit department;

6. to report to the Board on the progress and quality of internal audit work, as well as any material issues or leads identified; and to review the group's financial and accounting policies and practices;

7. to review the audit findings letter issued by the external auditing firm (auditors) to management, any material queries raised by the auditing firm (auditors) to management in respect of the accounting records, financial accounts or systems of control and management's response;

8. to ensure that the Board will provide a timely response to the issues raised in the audit findings letter issued by the external auditing firm (auditors) to management;

9. to report to the Board in accordance with the listing rules of the stock exchange on which the Company's shares are listed, in particular, the matters required to be performed by the Audit Committee under the listing rules;

10. to consider other matters, as defined by the Board;

11. employees of the Company may raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee shall ensure that fair and independent investigations are in place and appropriate actions are taken;

12. to act as the key representative between the Company and the external accounting firm (auditors), and to be responsible for overseeing the relationship between them;

13. to discuss problems and reservations arising from the quarterly, interim and annual audits and any matters the external auditing firm (auditors) may wish to discuss (in the absence of the management where necessary).

(vi) Independence of external auditing firm (auditors)

1. to consider all relationships between the Company and the external auditing firm (auditors) (including the non-audit services provided);

2. to seek from the external auditing firm (auditors), on an annual basis, information about policies and processes for maintaining independence and monitoring compliance with relevant requirements, including current requirements regarding rotation of auditing firm (auditors)'s partners and staff;

3. as required for the annual audit, to meet with the accounting firm (auditors) in the absence of any management team members, to discuss matters relating to its audit fees, any issues arising from the audit and any other matters the external auditing firm (auditors) may wish to raise;

4. to agree with the Board the Company's policies relating to the hiring of employees or former employees of the external auditing firm (auditors) and monitor the application of such policies. The Audit Committee shall then be in a position to consider, in the light of this, whether there has been or may be any impairment of the auditing firm (auditors)'s judgment or independence in respect of the audit;

5. the Audit Committee shall generally ensure that the provision by an external auditing firm (auditors) of non-audit services does not impair the external auditing firm (auditors)'s independence or objectivity. When assessing the independence or objectivity of the external auditing firm (auditors) which is proposed to provide non-audit services to the Company in its capacity as the Company's external auditing firm (auditors), the Audit Committee may wish to consider:

   (1) whether the skills and experience of the external auditing firm (auditors) make it a suitable supplier of the non-audit services;

   (2) whether there are safeguards in place to ensure that there is no threat to objectivity and independence in the conduct of the audit resulting from the provision of such services by the external auditing firm (auditors);

   (3) the nature of the non-audit services, the related fee levels and the fee levels individually and in aggregate relative to the external auditing firm (auditors).

(vii) The following matters shall be submitted to the Board for review after being approved by more than half of all members of the Audit Committee:

1. disclosure of financial information in financial and accounting reports and periodic reports, and evaluation reports on internal control;

2. appointment or dismissal of accounting firms engaged in audit business for the Company;

3. appointment or dismissal of the chief financial officer of the company;

4. changes in accounting policies and accounting estimates made for reasons other than changes in accounting standards or corrections of material accounting errors;

5. other matters as stipulated in laws, administrative regulations, regulations of the securities regulatory authorities in the place where the Company's shares are listed, business rules of the stock exchange and the Company's Articles of Association.

(viii) The Audit Committee shall exercise the functions and powers of the supervisory committee as prescribed by the Company Law of the People's Republic of China, including:

1. to examine the company's financial affairs;

2. to supervise the performance of duties by directors and senior management, and to propose the removal of any director or senior management member who violates laws, administrative regulations, the Articles of Association of the company or resolutions of the general meeting;

3. to require directors and senior management to rectify their acts where such acts are detrimental to the interests of the company;

4. to propose the convening of an extraordinary general meeting, and to convene and preside over the general meetings when the Board fails to perform its duties of convening and presiding over the general meetings;

5. to submit proposals to the general meetings;

6. to initiate legal proceedings against directors and senior management in accordance with the provisions of the Company Law of the People's Republic of China.

(ix) Where the Company has material deficiencies in internal control, or is found to have engaged in financial fraud, fund occupation, illegal guarantee or other such irregularities, the Audit Committee shall urge the Company to properly carry out follow-up rectification and internal accountability measures.

(x) In accordance with the relevant requirements of the state-owned assets supervision and administration authority, the Audit Committee may participate in the annual performance evaluation of the chief auditor.

(xi) In accordance with the relevant requirements of the state-owned assets supervision and administration authority, the Audit Committee may organize or participate in the post-investment evaluation of investment projects.

(xii) Such other duties of the Audit Committee as stipulated by the applicable laws, regulations, regulatory documents and the Company's Articles of Association.

ARTICLE TWELVE REPORTING RESPONSIBILITIES

Where the Board disagrees with the Audit Committee's views on the selection, appointment, resignation or dismissal of the external auditing firm (auditors), a statement explaining the Audit Committee's recommendations and the reasons for the Board's differing views shall be set out in the Corporate Governance Report.

The Audit Committee shall have a separate report to report to shareholders on its role and work performed during the year in the discharge of its duties, including the review of the quarterly, interim and annual results, the system of internal control, and other duties set out in these rules, for inclusion in the Corporate Governance Report of the Company.

The Audit Committee shall report to the Board on its decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so.

If the Audit Committee finds that any director or senior management of the Company has violated laws and regulations, relevant rules of the stock exchange, the Company's Articles of Association, or resolutions of the Board or the general meeting, it shall circulate a notice to the Board or report to the general meeting, and may also report directly to the regulatory authorities. The Company shall make timely disclosure in respect of any matters involving disclosure.

ARTICLE THIRTEEN OTHERS

The Company shall provide the Audit Committee with sufficient resources to discharge its duties. The Company shall provide the Audit Committee with necessary working conditions and adequate resource support. The Board secretary's office of the Company shall undertake routine work of the Audit Committee including liaison, meeting organization, document preparation and archive management, and the Company's internal audit and other relevant functional departments shall cooperate and provide support.

When the Audit Committee performs its duties, directors, senior management and relevant functional departments of the Company shall render cooperation, provide truthful information and materials to the Audit Committee, and permit the Audit Committee members to attend relevant meetings on business supervision of the Company. No interference shall be imposed on the exercise of functions and powers by the Audit Committee, so as to ensure that the performance of its duties is free from interference.

All members of the Audit Committee shall have access to the advice and services of the secretary of the Audit Committee with a view to ensuring that procedures of the Audit Committee and all applicable rules and regulations are followed.

In the event that the Audit Committee or any member of the Audit Committee requires access to outside independent professional advice in connection with its/his/her duties, a request may be made to the Board. All such requests shall be processed in accordance with the Company's established procedures for seeking independent professional advice at the Company's expense.

Every member of the Audit Committee shall ensure that he or she can give sufficient time and attention to his or her duties as a member of the Audit Committee. He or she shall give the Company the benefit of his or her skills and expertise through regular attendance and active participation.

Where the Audit Committee puts forward review opinions on matters within its scope of responsibilities to the Board, and the Board does not adopt such opinions, the Company shall disclose such matters and fully explain the reasons therefor.

Members of the Audit Committee and all other persons attending the meeting shall be obliged to keep the meeting materials and the contents of the matters discussed confidential and shall not disclose relevant information without authorization.

ARTICLE FOURTEEN AUTHORITY

The Audit Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it reasonably requires from any employee and all employees shall be instructed to cooperate fully with any reasonable request made by the Audit Committee.

The Audit Committee and each of its members shall have unrestricted access to communicate separately with the Company's senior management.

ARTICLE FIFTEEN PUBLICATION OF THE RULES OF PROCEDURE OF THE AUDIT COMMITTEE

The rules of procedure of the Audit Committee will be made available on request by the shareholders of the Company and will also be published on the website of the stock exchanges where the shares of the Company are listed and the website of the Company.

The rules of procedure of the Audit Committee shall take effect from the date of approval by the Board and the same shall apply when revised.

The rules of procedure of the Audit Committee shall be interpreted by the Board.

The English translation of this document is for reference only. In case of any discrepancy between the Chinese version and the English translation, the Chinese version shall prevail.