# ENN Natural Gas Co., Ltd.

# Independent Director System

ENN Natural Gas Co., Ltd.

Board of Directors

May 16, 2025

# Chapter I General Provisions

**Article 1** To further improve the governance structure of ENN Natural Gas Co., Ltd. (hereinafter referred to as the "Company"), promote the Company's standardized operation, and ensure that independent directors perform their duties, this System is formulated in accordance with the "Company Law of the People's Republic of China", the "Securities Law of the People's Republic of China", the "Measures for the Administration of Independent Directors of Listed Companies", the "Listing Rules of Shanghai Stock Exchange" and other relevant laws, regulations, and the "Articles of Association of ENN Natural Gas Co., Ltd." (hereinafter referred to as the "Articles of Association").

**Article 2** Independent directors refer to directors who do not hold any position in the Company other than that of director and have no direct or indirect interest relationship with the Company and its major shareholders or actual controllers, or any other relationship that may affect their independent and objective judgment.

**Article 3** Independent directors owe duties of loyalty and diligence to the Company and all shareholders.

Independent directors shall, in accordance with the requirements of relevant laws, administrative regulations, provisions of the China Securities Regulatory Commission (hereinafter referred to as the "CSRC"), business rules of the stock exchange and the Articles of Association, conscientiously perform their duties, play the roles of participating in decision-making, supervision and checks and balances, and professional consultation in the Board of Directors, safeguard the overall interests of the Company, and protect the legitimate rights and interests of minority shareholders.

**Article 4** The number of independent directors on the Board of Directors shall be no less than one-third of the total number of directors as stipulated in the Articles of Association. The Company shall appoint at least one independent director who is an accounting professional. An accounting professional means a person who possesses relatively rich accounting professional knowledge and experience and meets at least

one of the following conditions:

(1) Holds a certified public accountant qualification;

(2) Holds a senior professional title, associate professor title or doctoral degree in accounting, auditing or financial management;

(3) Holds a senior title in economic management and has five or more years of full-time work experience in professional positions such as accounting, auditing or financial management. In the

Nomination Committee and the Remuneration and Appraisal Committee, independent directors

shall constitute more than one-half and serve as the convener. In the Audit Committee, independent directors

shall constitute more than one-half, and the convener shall be an accounting professional among the

independent directors.

**Article 5** Independent directors shall perform their duties independently, free from the influence of the

Company and its major shareholders, actual controllers, or other entities or individuals.

**Article 6** An independent director shall serve as an independent director in no more than three domestic

listed companies in principle and shall ensure sufficient time and energy to effectively perform the duties

of an independent director.

**Article 7** Independent directors shall continuously enhance their study of securities laws, regulations and

rules, and constantly improve their ability to perform duties.

## Chapter II Qualifications

**Article 8** To serve as an independent director, a person shall meet the following conditions:

(1) Possess the qualifications to serve as a director of a listed company in accordance with laws, administrative regulations and other relevant provisions;

(2) Meet the independence requirements stipulated in Article 9 of this System;

(3) Possess basic knowledge of the operation of listed companies and be familiar with relevant laws, regulations and rules;

(4) Have five or more years of work experience in law, accounting, economics or other fields necessary for performing the duties of an independent director;

(5) Have good personal character and no record of material dishonesty or other bad records;
(6) Other conditions stipulated by laws, administrative regulations, CSRC provisions, business rules of the stock exchange and the Articles of Association.

**Article 9** Independent directors must maintain independence. The following persons shall not serve as independent directors:

(1) Persons serving in the Company or its subsidiary enterprises and their spouses, parents, children, and major social relations;

(2) Natural person shareholders directly or indirectly holding one percent or more of the Company's issued shares or among the top ten shareholders of the Company, and their spouses, parents and children;

(3) Persons serving in entities directly or indirectly holding five percent or more of the Company's issued shares or among the top five shareholders of the Company, and their spouses, parents and children;

(4) Persons serving in the subsidiary enterprises of the Company's controlling shareholders or actual controllers, and their spouses, parents and children;

(5) Persons having material business dealings with the Company and its controlling shareholders, actual controllers or their respective subsidiary enterprises, or persons serving in entities and their controlling shareholders or actual controllers that have material business dealings;

(6) Persons providing financial, legal, consulting, sponsorship or other services to the Company and its controlling shareholders, actual controllers or their respective subsidiary enterprises, including but not limited to all project team members, review personnel at all levels, signatories on reports, partners, directors, senior management and principal persons in charge of intermediary institutions providing such services;

(7) Persons who have been in any of the circumstances listed in items (1) to (6) above within the most recent twelve months;

(8) Other persons stipulated by laws, administrative regulations, CSRC provisions, business rules of the Shanghai Stock Exchange and the Articles of Association as not possessing independence.

"Major social relations" as referred to in the preceding paragraph means siblings, spouses of siblings, parents of spouses, siblings of spouses, spouses of children, parents of children's spouses, etc.; "material business dealings" means matters required to be submitted to the Shareholders'

Meeting for deliberation under the "Listing Rules of Shanghai Stock Exchange" or the Articles of Association, or other material matters as determined by the stock exchange; "serving" means serving as a director, supervisor, senior management or other staff. Independent directors shall conduct an annual self-assessment of their independence and submit the assessment results to the Board of Directors. The Board of Directors shall annually evaluate the independence of incumbent independent directors and issue a special opinion, which shall be disclosed concurrently with the annual report.

## Chapter III Nomination, Election, Appointment and Replacement

**Article 10** The Company's Board of Directors, shareholders individually or collectively holding one percent or more of the Company's issued shares may nominate candidates for independent directors, who shall be elected by the Shareholders' Meeting. An investor protection institution established in accordance with the law may publicly request shareholders to entrust it with the exercise of the right to nominate independent directors. The nominator referred to in the first paragraph of this Article shall not nominate persons with whom they have an interest relationship or persons with close relationships that may affect the independent performance of duties as independent director candidates.

**Article 11** The nominator of an independent director shall obtain the consent of the nominee before nomination. The nominator shall fully understand the nominee's occupation, educational background, professional titles, detailed work experience, all concurrent positions, whether there are records of material dishonesty and other bad records, and express an opinion on whether the nominee meets the independence and other conditions for serving as an independent director. The nominee shall make a public declaration on whether they meet the independence and other conditions for serving as an independent director.

**Article 12** The Company's Nomination Committee shall review the qualifications of the nominees and form a clear review opinion. The Company shall, no later than the time of issuing the notice of the Shareholders' Meeting for the election of independent directors, disclose the relevant content in accordance with Article 11 and the preceding paragraph of this System, and submit the relevant materials of all independent director candidates (including but not limited to nominator declarations, candidate declarations, and independent director resume forms) to the Shanghai Stock Exchange. Relevant declarations and commitments and the review opinions of the Nomination Committee or the Independent Directors Special Meeting shall also be disclosed, and the truthfulness, accuracy and completeness of the announcement content shall be guaranteed. Where the Company's Shareholders' Meeting elects two or more independent directors, cumulative voting shall be implemented. The voting status of minority shareholders shall be separately counted and disclosed. When convening the Shareholders' Meeting to elect independent directors, the Company's Board of Directors shall explain whether the Shanghai Stock Exchange has raised any objections to the independent director candidates. If the Shanghai Stock Exchange raises objections to the qualifications and independence of independent director candidates, the Company shall not submit them to the Shareholders' Meeting for election. If they have already been submitted to the Shareholders' Meeting for deliberation, the proposal shall be cancelled.

**Article 13** The term of office of an independent director shall be the same as that of other directors of the Company. Upon expiration of the term, they may be re-elected, provided that the consecutive term of office shall not exceed six years. An independent director who has served consecutively for six years shall not be nominated as an independent director candidate of the Company within 36 months from the date of occurrence of such fact.

**Article 14** Before the expiration of the term of an independent director, the Company may remove them from office in accordance with legal procedures. If an independent director is removed from office before the expiration of their term, the Company shall promptly disclose the specific reasons and basis. If the independent director has objections, the Company shall promptly disclose them. If an independent director no longer meets the conditions set forth in item (1) or (2) of Article 8 of this System, they shall immediately cease performing duties and resign from office. If they do not resign, the Board of Directors shall, upon becoming aware or being deemed to have become aware of such fact, immediately remove them from office in accordance with regulations. If an independent director resigns or is removed due to the circumstances described in the preceding paragraph, resulting in the proportion of independent directors on the Board of Directors or its special committees not meeting the requirements of this System or the Articles of Association, or a lack of accounting professionals among the independent directors, the Company shall complete the by-election within 60 days from the date of occurrence of the aforesaid fact.

**Article 15** An independent director may resign before the expiration of their term. The resignation shall be submitted to the Board of Directors in writing, explaining any circumstances related to the resignation or that they consider necessary to bring to the attention of the Company's shareholders and creditors. The Company shall disclose the reasons for the independent director's resignation and the matters of concern.

If the resignation of an independent director would result in the Company's Board of Directors or its special committees not meeting the requirements of this System or the Articles of Association regarding the proportion of independent directors, or a lack of accounting professionals among the independent directors, the resigning independent director shall continue to perform duties until a new independent director is elected. The Company shall complete the by-election within 60 days from the date the independent director submitted their resignation.

## Chapter IV Powers

**Article 16** Independent directors shall perform the following duties:

(1) Participate in Board of Directors' decision-making and express clear opinions on the matters discussed;

(2) Supervise matters involving potential material conflicts of interest between the Company and its controlling shareholders, actual controllers, directors and senior management as listed in Article 21

of this System, Article 8 of the "Rules of Procedure for the Audit Committee of the Board of Directors of ENN Natural Gas Co., Ltd.", Article 7 of the "Rules of Procedure for the Nomination Committee of the Board of Directors of ENN Natural Gas Co., Ltd." and Article 9 of the "Rules of Procedure for the Remuneration and Appraisal Committee of the Board of Directors of ENN Natural Gas Co., Ltd.", to promote Board decisions that serve the overall interests of the Company and protect the legitimate rights and interests of minority shareholders;

(3) Provide professional and objective advice on the Company's business development to enhance the quality of Board decision-making;

(4) Other duties stipulated by laws, administrative regulations, CSRC provisions and the Articles of Association.

**Article 17** Independent directors shall exercise the following special powers:

(1) Independently engage intermediary institutions to conduct audits, consultations or verifications on specific matters of the Company;

(2) Propose to the Board of Directors the convening of an extraordinary Shareholders' Meeting;

(3) Propose the convening of a Board of Directors meeting;

(4) Lawfully and publicly solicit shareholder rights from shareholders;

(5) Express independent opinions on matters that may harm the rights and interests of the Company or minority shareholders;

(6) Other powers stipulated by laws, administrative regulations, CSRC and Shanghai Stock Exchange provisions and the Articles of Association. Independent directors shall obtain the consent of more than one-half of all independent directors to exercise the powers in items

(1) to (3) of the preceding Article. Where independent directors exercise the powers listed in the first paragraph, the Company shall promptly disclose the same. If the aforesaid powers cannot be exercised normally, the Company shall disclose the specific circumstances and reasons.

**Article 18** Before a Board meeting is convened, independent directors may communicate with the Secretary of the Board of Directors to make inquiries, request supplementary materials, and provide opinions and suggestions on the matters to be deliberated. The Board of Directors and relevant personnel

shall carefully study the questions, requirements and opinions raised by independent directors, and promptly provide feedback on the implementation of matters such as proposal amendments.

**Article 19** Independent directors shall attend Board meetings in person. If unable to attend in person, the independent director shall review the meeting materials in advance, form clear opinions, and authorize another independent director in writing to attend on their behalf. If an independent director fails to personally attend Board meetings twice consecutively and does not delegate another independent director to attend, the Board of Directors shall, within 30 days from the date of occurrence of such fact, propose to the Shareholders' Meeting to remove the independent director from office.

**Article 20** Where an independent director votes against or abstains from voting on a Board proposal, they shall explain the specific reasons and basis, the legal compliance of the matters involved in the proposal, the potential risks, and the impact on the Company and the rights and interests of minority shareholders.

When disclosing Board resolutions, the Company shall simultaneously disclose the dissenting opinions of independent directors and record them in the Board resolutions and meeting minutes.

**Article 21** The following matters shall be submitted to the Board of Directors for deliberation after obtaining the consent of more than one-half of all independent directors of the Company:

(1) Related party transactions required to be disclosed;

(2) Proposals for the Company and relevant parties to change or waive commitments;

(3) Decisions and measures taken by the board of directors of the acquired company in response to the acquisition;

(4) Other matters stipulated by laws, administrative regulations, CSRC provisions and the Articles of Association.

**Article 22** The Company shall periodically or from time to time convene meetings attended exclusively by all independent directors ("Independent Directors Special Meetings"). The matters listed in Article 17, paragraph 1, items (1) to (3) and

**Article 21** of this System shall be deliberated at the Independent Directors Special Meetings. Independent

Directors Special Meetings may also discuss other matters of the Company as needed. Independent Directors Special Meetings shall be convened and presided over by an independent director jointly nominated by more than one-half of the independent directors. If the convener fails to perform or is unable to perform their duties, two or more independent directors may convene the meeting themselves and elect a representative to preside. The Company shall provide convenience and support for the convening of Independent Directors Special Meetings.

**Article 23** Independent directors shall perform their duties in the special committees of the Board of Directors in accordance with laws, administrative regulations, CSRC provisions, business rules of the stock exchange and the Articles of Association. Independent directors shall attend special committee meetings in person. If unable to attend in person, they shall review the meeting materials in advance, form clear opinions, and authorize another independent director in writing to attend on their behalf. If independent directors become aware of material matters of the Company within the scope of duties of a special committee in the course of performing their duties, they may promptly submit such matters to the special committee for discussion and deliberation in accordance with procedures.

**Article 24** Independent directors shall continuously pay attention to the implementation of Board resolutions related to the matters listed in Article 21 of this System, Article 8 of the "Rules of Procedure for the Audit Committee of the Board of Directors of ENN Natural Gas Co., Ltd.

", Article 7 of the "Rules of Procedure for the Nomination Committee of the Board of Directors of ENN Natural Gas Co., Ltd." and

**Article 9** of the "Rules of Procedure for the Remuneration and Appraisal Committee of the Board of Directors of ENN Natural Gas Co., Ltd.". If they discover violations of laws, administrative regulations, CSRC provisions, business rules of the Shanghai Stock Exchange or the Articles of Association, or violations of Shareholders' Meeting and Board resolutions, they shall promptly report to the Board of Directors and may request the Company to make a written explanation. For matters involving disclosure, the Company shall promptly disclose the same. If the Company fails to make an explanation or disclose information in accordance with the preceding paragraph, independent directors may report to the CSRC and the Shanghai Stock Exchange.

**Article 25** Independent opinions issued by independent directors on material matters shall at least include the following content:

(1) Basic information on the material matter;

(2) The basis for the opinion, including procedures performed, documents reviewed, and on-site inspection content;

(3) The legal compliance of the material matter;

(4) The impact on the Company and the rights and interests of minority shareholders, potential risks, and whether the measures taken by the Company are effective;

(5) The conclusive opinion. For independent directors who express reservations, opposing opinions, or are unable to express opinions on material matters, they shall clearly state the reasons and the obstacles preventing them from expressing opinions. Independent directors shall sign the independent opinions they issue, promptly report the aforesaid opinions to the Board of Directors, and disclose them concurrently with the Company's relevant announcements.

**Article 26** Independent directors shall work on-site at the Company for no less than 15 days each year. In addition to attending Shareholders' Meetings, Board meetings and their special committees, and Independent Directors Special Meetings as required, independent directors may perform their duties through various means such as periodically obtaining information on the Company's operations, listening to management reports, communicating with the head of the internal audit department and accounting firms undertaking the Company's audit business, conducting on-site inspections, and communicating with minority shareholders. The Company shall establish a sound communication mechanism between independent directors and minority shareholders. Independent directors may promptly verify with the Company on questions raised by investors.

**Article 27** The Company's Board of Directors and its special committees, and Independent Directors Special Meetings shall prepare meeting minutes in accordance with regulations, and the opinions of independent directors shall be recorded in the meeting minutes. Independent directors shall sign the meeting minutes to confirm. Independent directors shall prepare work records detailing the performance of their duties. Materials obtained by independent directors in the course of performing their duties, relevant meeting minutes, and communication records with the Company and intermediary institution staff shall constitute part of the work records. For important content in the work records, independent directors may request the Secretary of the Board of Directors and other relevant personnel to sign for confirmation, and the Company and relevant personnel shall cooperate. Independent directors' work records and materials provided by the Company to independent directors shall be kept for at least 10 years.

**Article 28** To ensure that independent directors effectively exercise their powers, the Company shall provide the following performance support:

(1) The Company shall ensure that independent directors enjoy the same right to information as other directors. To ensure that independent directors effectively exercise their powers, the Company shall regularly inform independent directors of the Company's operational status, provide materials, and organize or cooperate with independent directors in conducting on-site inspections. Before the Board deliberates on major and complex matters, the Company may organize independent directors to participate in research and demonstration activities, fully listen to their opinions, and promptly provide feedback on the adoption of their opinions.

(2) The Company shall promptly issue Board meeting notices to independent directors, provide relevant meeting materials no later than the Board meeting notice period stipulated by laws, administrative regulations, CSRC provisions or the Articles of Association, and provide effective communication channels for independent directors. For special committee meetings, the Company shall in principle provide relevant materials and information no later than three days before the special committee meeting. The Company shall keep the aforesaid meeting materials for at least 10 years. If two or more independent directors consider the meeting materials incomplete, insufficiently demonstrated, or untimely provided, they may request in writing that the Board postpone the convening of the meeting or the deliberation of the matter, and the Board shall adopt such request. Board and special committee meetings shall be held on-site as a principle. Where necessary and provided that all attending directors can fully communicate and express their opinions, video, telephone or other means may be used in accordance with procedures.

(3) The Company shall provide necessary working conditions and staff support for independent

directors to perform their duties, designating dedicated departments and personnel such as the investor relations department and the Secretary of the Board of Directors to assist independent directors in performing their duties. The Secretary of the Board of Directors shall ensure smooth information flow between independent directors and other directors, senior management and other relevant personnel, and ensure that independent directors can obtain sufficient resources and necessary professional opinions when performing their duties.

(4) When independent directors exercise their powers, the Company's directors, key management personnel and other relevant personnel shall cooperate and shall not refuse, obstruct or conceal relevant information, nor shall they interfere with the independent exercise of powers by independent directors. If independent directors encounter obstacles in exercising their powers in accordance with the law, they may explain the situation to the Board of Directors, request directors, senior management and other relevant personnel to cooperate, and record the specific circumstances of the obstacles encountered and the status of their resolution in their work records. If the obstacles cannot be eliminated, they may report to the CSRC and the stock exchange. For matters involving information that should be disclosed in the performance of duties by independent directors, the Company shall promptly handle the disclosure. If the Company refuses to disclose, independent directors may directly apply for disclosure, or report to the CSRC and the stock exchange.

(5) Expenses incurred by independent directors in engaging intermediary institutions and other expenses necessary for exercising their powers shall be borne by the Company.

(6) The Company shall provide independent directors with allowances commensurate with their responsibilities. The allowance standards shall be formulated by the Board of Directors, approved by the Shareholders' Meeting, and disclosed in the Company's annual report. In addition to the aforesaid allowances, independent directors shall not obtain other benefits from the Company and its major shareholders, actual controllers, or entities and individuals with interest relationships.

**Article 29** If conflicts arise between the Company's shareholders or between directors that have a material

impact on the Company's business management, independent directors shall proactively perform their duties and safeguard the overall interests of the Company.

**Article 30** Independent directors shall submit an annual report on the performance of duties to the Company's annual

Shareholders' Meeting, explaining the performance of their duties. The annual report on the performance of duties shall include

the following content:

(1) The methods, number of attendances and voting status at Board meetings throughout the year, and the number of attendances at Shareholders' Meetings;

(2) Participation in the work of the Board's special committees and Independent Directors Special Meetings;

(3) The status of deliberation of relevant matters through Independent Directors Special Meetings and the Board's special committees, and the exercise of the powers listed in Article 21 of this

System and the special powers of independent directors listed in Article 17, paragraph 1 of this

System;

(4) Material matters, methods and results of communication with the internal audit department and accounting firms undertaking the Company's audit business regarding the Company's financial and

business status;

(5) Communication with minority shareholders;

(6) The time and content of on-site work at the Company;

(7) Other circumstances of performing duties. The annual report on the performance of duties of independent directors

shall be disclosed no later than the time the Company issues the notice of the annual Shareholders'

Meeting.

## Chapter V Supplementary Provisions

**Article 31** Matters not covered in this System shall be governed by the relevant national laws, regulations,

normative documents and the Articles of Association. If this System is inconsistent with the relevant laws,

regulations, normative documents and the Articles of Association, the relevant laws, regulations,

normative documents and the Articles of Association shall prevail.

**Article 32** This System shall be formulated by the Board of Directors, which shall be responsible for its

interpretation.

**Article 33** This System shall take effect from the date on which it is reviewed and approved by the Board of Directors and submitted to and approved by the Shareholders' Meeting. The same shall apply to any amendments.