

Hangzhou Steam Turbine Power Group Co., Ltd.

Remuneration management system for directors and senior management

(Revision 2023)

Chapter I General Provisions

Article 1. To promote the company standard operation, strengthen the company directors, senior management personnel started and integrity consciousness, comprehensive and scientific evaluation of the company operating results and operator performance contribution, maximize arouse the enthusiasm and creativity of company directors and senior management personnel, improve the company management level, promote the sustained growth of the company benefit, To ensure the long-term sustainable development of the Company, this system is specially formulated.

Article 2. The assessment objects of this system include the following personnel:

(I) Member of the Board (Means a director who receives remuneration from the Company, Exclude independent directors and external directors);

(II) Executives (the general manager, vice general managers, chief accountant, chief engineer, and secretary of the Board);

(III) The secretary of the party committee, the deputy secretary of the party committee, the secretary of the discipline inspection commission, the chairman of the labor union and other personnel deemed applicable by the remuneration and evaluation committee of the Company's board of directors.

Article 3. Fundamental principles of remuneration and assessment

(1) The principle that remuneration is linked to the interests of shareholders and the company, and the principle of combining the Company's short-term benefits with long-term interests;

(2) The principle of matching remuneration with performance appraisal, guided by the results of performance appraisal, and implementing the linkage of remuneration and business

performance;

(3) Adhere to the principle of marketization of salary levels, and adjust it combining the factors of the salary level in the same industry, the salary level of the region where it is located, and the actual operating conditions of the Company;

(4) The principle of unifying incentives and constraints.

Chapter II. Administration Body

Article 4. The Remuneration and Assessment Committee is the administrative body which in charge of the assessment and rewarding processes of directors and executives. It carries out the aforesaid works against this Criteria.

The remuneration management system of the Company's directors and senior management shall be deliberated and determined by the Company's general meeting of shareholders.

Article 5. The works of the Remuneration and Assessment Committee include the followings:

(I) Provide proposals or revising opinions on the remuneration programs for directors and executives;

(II) Evaluate the performance of duty and the performance of the Company's directors, senior management and other assessment objects;

(III) Supervises implementation of this Criteria.

Chapter III. Constitution of Remunerations

Article 6. The annual salary system shall be implemented for the assessment objects such as directors and senior management personnel serving in the Company, and the annual salary shall be composed of basic annual salary, annual performance salary and tenure incentive income.

(1) Basic annual salary: refers to the basic post remuneration received by directors and senior management personnel for performing their duties.

(2) Annual performance salary: refers to the income linked to the results of the annual business performance appraisal, calculated by multiplying the adjustment coefficient on the basis of 1.5 times the annual basic salary, and the adjustment coefficient is determined according to the annual assessment score.

(3) Tenure incentive income: refers to the income linked to the results of business performance assessment in the term, and the annual tenure incentive income is 0.625 times the basic annual salary.

The welfare income of directors and senior management of the Company includes: statutory benefits and supplementary benefits.

Article 7. The welfare income of directors and senior management of the Company includes: statutory benefits and supplementary benefits.

Statutory benefits refer to the basic endowment insurance, basic medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing provident fund stipulated by national laws, as well as subsidies uniformly issued in accordance with national and local policies (except for special subsidies stipulated by the state and provinces), etc.; Supplementary benefits refer to benefits provided by the company in addition to statutory benefits, including but not limited to enterprise annuities, supplementary medical insurance, high temperature subsidies, transportation subsidies for employees of relocated enterprises, etc. Other special circumstances shall be determined after the study and approval by the board of directors.

Article 8. Determination of basic annual salary: determined by the remuneration and assessment committee according to the scale of the enterprise, market salary level, risk degree, market value, operating conditions, etc., combined with the guidance of state-owned assets supervision.

Article 9. Enterprises can focus on the development of the Company's strategy, establish a long-term incentive and constraint mechanism that combines short, medium and long term, and conforms to market practices, and explore the use of management and core backbone shareholding, equity incentives, excess profit sharing, EVA (economic value added) sharing, strategy achievement awards, project co-investment and other long-term incentive methods.

Article 10. Directors and senior executives may be rewarded for their performance during their tenure and their contribution to the Company due to the transfer of their organizations or the expiration of their contracts.

Chapter IV Appraisal and salary calculation

Article 11. The annual performance salary is calculated on the basis of 1.5 times the annual

base salary multiplied by the adjustment factor-that is determined based on the annual appraisal score. The annual assessment indicators include four categories: key indicators, classification indicators, party building indicators, and constraint indicators. Specifically, the annual business performance target responsibility letter signed shall prevail, and the adjustment coefficient shall be obtained after assessment and evaluation at the beginning of the following year.

Article 12. Tenure incentive income is reserved annually during the term of office, and is distributed in one lump sum after the end of the term of office multiplied by the adjustment coefficient of tenure incentive income, and the adjustment coefficient of tenure incentive income is determined according to the results of business performance assessment of the term of office. Term evaluation includes basic indicators and categorical indicators. Specifically, the annual business performance target responsibility letter signed shall prevail, and the adjustment coefficient shall be obtained after the assessment and evaluation at the beginning of the following year after the end of the term.

Article 13. The annual salary of the personal holding deputy post is based on that of the personal holding principal post, which shall be determined by the board of directors of the enterprise based on factors such as job responsibilities, risks assumed, extent of contribution, and personal annual comprehensive evaluation score, and the annual salary coefficient of the individual shall be determined between 0.6-0.9, and the average annual salary of the personal holding deputy post shall not exceed 85% of the annual salary of the personal holding principal post.

Article 14. The actual evaluation number of business indicators shall be based on the financial data audited by the accounting firm or the data confirmed by the superior department, and the final result of the remuneration assessment shall be submitted to the Remuneration and Assessment Committee of the Board of Directors for approval.

Chapter V. Payment and Management

Article 15 The annual salary is paid in advance on a monthly basis, and the 12-month advance amount is not more than 60% of the sum of the basic annual salary and the annual performance salary, and is liquidated according to the results of the annual assessment.

Article 16. If the annual assessment fails (less than 80 points on the 100-point system), the

annual performance salary in the year will be cancelled; those who exceed the assessment goals and tasks or make outstanding contributions may be given special rewards as appropriate. The specific award plan is subject to the confirmation of the annual remuneration and evaluation committee of board of directors.

Article 17. If the annual assessment fails (less than 80 points on the 100-point system), the annual performance salary in the year will be cancelled; those who exceed the assessment goals and tasks or make outstanding contributions may be given special rewards as appropriate. The specific award plan is subject to the confirmation of the annual remuneration and evaluation committee of board of directors.

Article 18. Those who retire after reaching the statutory retirement age and receive pensions according to regulations shall not continue to receive tenure incentive income in the company, except for the annual performance salary and tenure incentive remuneration payable based on the actual number of months worked in the management position in the year.

Article 19. Establish a salary recovery and rebate system in accordance with relevant regulations, and clarify it in the post appointment agreement and strictly implement it.

Chapter VI. Supplementary Provisions

Article 20. This system will be implemented after approval by the Company's first extraordinary general meeting of shareholders in 2023. If this system conflicts with the provisions of relevant laws, regulations, normative documents or the Articles of Association of the Company as amended by legal procedures, it shall be implemented in accordance with the provisions of relevant laws, regulations, normative documents and the Articles of Association.

Article 21. Interpretation of the Remuneration and Assessment Committee is prevail in all time.

Article 22. In case of any non-material problems are encountered in execution of this Criteria, the Remuneration and Assessment Committee is authorized to amend it with consideration of the practical situation. If major issues of principle are involved, they shall be submitted to the shareholders' meeting for consideration and amendment.

Hangzhou Steam Turbine Power Group Co., Ltd.

June 10 ,2023