

CGN Power Co., Ltd.*

Management Rules on Remuneration for Directors and Senior Management

CHAPTER 1 GENERAL PROVISIONS

Article 1 These rules are formulated in accordance with the Company Law of the People's Republic of China, the Corporate Governance Standards for Listed Companies, the Articles of Association of CGN Power Co., Ltd. (the "Articles of Association"), and other relevant laws, regulations and provisions, and based on the actual conditions of the Company, in order to further improve remuneration management for directors and senior management of CGN Power Co., Ltd.* (the "Company"), establish a sound and effective incentive and constraint mechanism, effectively motivate the work enthusiasm of the directors and senior management of the Company, improve the operational and management efficiency of the Company, and enhance the remuneration management system of the Company.

Article 2 For the purpose of these rules, the term "directors" refers to all incumbent members of the board of directors of the Company (the "Board") during the period these rules are implemented. The directors of the Company comprise executive directors and non-executive directors (including independent directors). Executive directors refer to directors who hold other operation and management positions in the Company in addition to their directorship. Non-executive directors refer to directors who do not hold any operation and management position in the Company. Independent directors (i.e., "independent non-executive directors" as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) refer to directors who do not hold any position in the Company other than their directorship, and do not have direct or indirect interests in the company hired them and its substantial shareholders and actual controllers, nor any other relationship which may affect their ability to make independent and objective judgment.

Article 3 For the purpose of these rules, the term "senior management" refers to the president, vice presidents, chief financial officer, Board secretary, general counsel, and other senior management members designated by resolutions of the Board.

Article 4 For the purpose of these rules, the term "remuneration management" refers to the specific activities involved in implementing standardized management on the remuneration and benefits packages for directors and senior management, including remuneration components, remuneration management, and remuneration supervision.

Article 5 Remuneration management for the directors and senior management of the Company shall adhere to the following principles:

- (1) Adopting market-oriented approaches. Standardize corporate governance in accordance with modern enterprise management systems, promote benchmarking remuneration for directors and senior management against the market, facilitate enterprise reform and development, strengthen the responsibilities of directors and senior management, and enhance the vitality of enterprise development.

- (2) Emphasizing both incentives and constraints. The remuneration for directors and senior management shall be commensurate with operational responsibilities and risks, closely linked to business performance assessments. Remuneration shall increase with improved performance and decrease with declined performance, thereby fully motivating the work enthusiasm of directors and senior management.
- (3) Ensuring compliance with laws and regulations. Strictly implement requirements regarding management of remuneration, benefits, perks and business expenses for directors and senior management, improve supporting systems, and comprehensively standardize the allocation of revenue to directors and senior management.
- (4) Prioritizing efficiency while considering fairness. Coordinate the growth of remuneration for senior management with the growth of economic benefits and employee wages of the Company.
- (5) Integrating short-term and long-term goals, aligning outcome assessment with process evaluation, and coordinating organizational performance with individual performance.
- (6) Upholding the principles of openness, fairness, and transparency.

CHAPTER 2 DIVISION OF RESPONSIBILITIES

Article 6 The remuneration plan for directors shall be determined by the general meeting and disclosed accordingly. The remuneration plan for senior management shall be approved by the Board, explained to the general meeting, and disclosed accordingly.

Article 7 The remuneration committee under the Board (the “Remuneration Committee”) is responsible for formulating the assessment standards for directors and senior management and conducting assessments, formulating and reviewing the remuneration decision mechanisms, decision-making processes, payment and cessation of payment recovery arrangements, and other remuneration policies and plans for directors and senior management, as well as making recommendations to the Board on the following matters:

- (1) the remuneration of directors and senior management;
- (2) the formulation or amendment of equity incentive plans, employee stock ownership plans, and the granting of rights to incentive recipients and the achievement of conditions for the exercise of such rights by incentive recipients;
- (3) the arrangement of stock ownership plans for directors and senior management in the event of a proposed spin-off of a subsidiary;
- (4) other matters prescribed by laws, administrative regulations, listing rules in the jurisdiction where the shares of the Company are listed and the Articles of Association, and other matters as authorized by the Board.

For recommendations of the Remuneration Committee not being adopted or completely adopted by the Board, the opinions of the Remuneration Committee and reasons for non-adoption shall be recorded in the resolution of the Board, and shall be disclosed accordingly.

Article 8 When the Board or the Remuneration Committee evaluates an individual director or discusses the remuneration for such director, the director and any of his/her associates as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited shall abstain from discussion and voting.

Article 9 The departments in charge of strategic planning, human resources, and financial assets of the Company shall cooperate with the Remuneration Committee in the specific implementation of the remuneration plan for directors and senior management.

CHAPTER 3 REMUNERATION STANDARDS

Article 10 Remuneration standards shall be determined based on the nature of the work of directors and senior management, as well as the responsibilities and risks they undertake. The remuneration for the directors and senior management of the Company shall consist of basic remuneration, performance-based remuneration, and medium-to-long-term incentive income. In particular, the proportion of performance-based remuneration shall, in principle, be no less than sixty percent of the sum of basic remuneration and performance-based remuneration.

The remuneration for the directors and senior management of the Company shall be in pace with market development, be aligned with the Company's business performance and individual performance, and be coordinated with the Company's sustainable development.

(1) Remuneration for the Board members:

Executive directors: Their remuneration shall be implemented in accordance with the remuneration management system, assessment and incentive plans of the Company corresponding to the positions they hold, and they shall not receive separate director allowances or other remuneration for their directorship;

Independent directors: Their remuneration shall be determined in accordance with the Measures on Performance Evaluation of Independent Directors (Trial) of CGN Power Co., Ltd. approved by the general meeting;

Other non-executive directors: They shall not receive any remuneration from the Company, except as otherwise approved by the general meeting;

(2) Remuneration for senior management:

Senior management shall receive remuneration in accordance with the relevant remuneration and performance assessment management systems of the Company, based on the specific positions and roles they hold within the Company.

Article 11 The Company shall reasonably determine the remuneration for directors and senior management by taking into account factors such as industry levels, development strategies, and job value, promote the allocation of remuneration towards key positions, the front lines of production, and urgently needed high-level and highly skilled personnel, and facilitate the increase of employee remuneration levels.

Article 12 Performance evaluation shall serve as an important basis for the determination and payment of performance-based remuneration for the directors and senior management of the Company. The Company shall determine that a certain percentage of the performance-based remuneration for directors and senior management shall be paid after the disclosure of the annual report and the performance evaluation, and the performance evaluation shall be conducted based on audited financial data.

CHAPTER 4 REMUNERATION PAYMENT

Article 13 Remuneration for independent directors shall be implemented in accordance with the Measures on Performance Evaluation of Independent Directors (Trial) of CGN Power Co., Ltd. approved by the general meeting. The payment of remuneration for executive directors and senior management who receive remuneration from the Company shall be implemented in accordance with the internal remuneration management system of the Company.

Article 14 The remuneration for the directors and senior management of the Company is stated as pre-tax amounts. The Company shall, in accordance with relevant national and internal regulations, deduct (or withhold and pay on their behalf) the following amounts from the remuneration, and pay the remaining portion to the individuals.

- (1) individual income tax;
- (2) the portion of various social insurance premiums, housing provident fund, enterprise annuity, etc., to be borne by these individuals;
- (3) other amounts to be borne by these individuals as stipulated by national or internal regulations.

Article 15 Directors and senior management of the Company who leave their positions due to reasons such as expiration of their term of office, re-election, or resignation during their term of office shall have their remuneration calculated based on their actual term of office and actual performance, which shall be paid in accordance with these rules.

Article 16 If a director or senior management member of the Company violates laws, regulations and normative documents, or the Company's rules and systems, during his/her term of office, which seriously damages the Company's interests or causes significant economic losses to the Company, the Company may, depending on the extent of such individual's responsibility and the losses, make a proposal to reduce or cancel his/her remuneration or allowances, which shall be submitted to the Board or the general meeting for consideration and determination.

Article 17 When the Company makes retrospective restatements of its financial reports due to misstatements such as financial fraud, it shall promptly re-evaluate the performance-based remuneration and medium-to-long-term incentive income for directors and senior management, and recover any excess payments.

If a director or senior management member of the Company breaches his/her duties and causes losses to the Company, or is at fault for illegal or non-compliant acts such as financial fraud, misappropriation of funds, or illegal guarantees, the Company shall, depending on the severity of the circumstances, reduce or suspend the payment of any unpaid performance-based remuneration and medium-to-long-term incentive income, and shall recover in full or in part any performance-based remuneration and medium-to-long-term incentive income already paid during the period in which the relevant acts occurred.

Article 18 If a director or senior management member of the Company is subject to any of the following situations during his/her term of office, the Company may withhold the payment of such individual's performance-based remuneration or allowances, and recover in full or in part any performance-based remuneration or allowances already paid during the period in which the relevant situation occurred:

- (1) falls under any of the circumstances stipulated in Article 178 of the Company Law that disqualify a person from serving as a director or senior management member of a company;
- (2) has been subject to any administrative penalty by the China Securities Regulatory Commission for serious violations of laws and regulations;
- (3) has been publicly reprimanded or declared as an unsuitable candidate by a stock exchange;
- (4) has seriously damaged the Company's interests or caused significant economic losses to the Company;
- (5) other circumstances determined by the Company's regulatory authorities, general meeting or the Board as constituting a serious violation of the Company's relevant regulations.

CHAPTER 5 REMUNERATION ADJUSTMENT

Article 19 The remuneration system shall serve the Company's business strategies and be adjusted in response to the constant changes in the Company's business conditions to meet the Company's further development needs. The Company shall review the standards for basic remuneration and performance-based remuneration based on market research data and profitability, and adjust its policies according to the actual situation.

Article 20 The adjustment of remuneration for the directors and senior management of the Company shall refer to or be based on the following factors:

- (1) salary increase levels for comparable positions in comparable companies within the same industry, and salary increase levels for comparable positions in comparable companies within the same region;
- (2) inflation level and actual purchasing power of salaries;
- (3) business performance of the Company;

- (4) adjustments to the development strategy or organizational structure of the Company;
- (5) adjustments to individual positions or changes in duties.

Article 21 If the Company incurs losses, the Company shall provide a specific explanation at each stage of reviewing the remuneration for directors and senior management as to whether the changes in the remuneration for directors and senior management comply with the requirements linked to performance.

CHAPTER 6 SUPPLEMENTARY PROVISIONS

Article 22 Any matters not covered herein shall be implemented in accordance with relevant national laws, regulations and provisions, as well as relevant requirements of the stock exchanges in the jurisdiction where the Company is listed. In the event of any conflict between these rules and relevant national laws, regulations and provisions, as well as relevant requirements of the stock exchanges in the jurisdiction where the Company is listed, the latter shall prevail.

Article 23 These rules shall be revised and interpreted by the Board.

Article 24 These rules shall take effect from the date of consideration and approval by the general meeting of the Company.

* *For identification purpose only.*