



CHINA NEW ENERGY POWER GROUP LIMITED

(Incorporated in Bermuda with limited liability)

REMUNERATION COMMITTEE – TERMS OF REFERENCE

The remuneration committee (the “**Remuneration Committee**”) is established by the board of directors (the “**Board**”) of China New Energy Power Group Limited (the “**Company**”). The Terms of Reference of the Remuneration Committee was adopted in 2005 and amended by the Board on 29 March 2012. The constitution of the Remuneration Committee shall comply with the requirements of the Rules Governing the Listing of Securities (“**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) from time to time.

A. Membership

1. The members of the Remuneration Committee shall be appointed by the Board and shall consist of not less than three members, a majority of the members shall be independent non-executive directors.
2. The chairman of the Remuneration Committee shall be appointed by the Board and shall be an independent non-executive director.

B. Secretary

The company secretary shall be the secretary of the Remuneration Committee. The secretary of the Remuneration Committee or in his absence, his representative or any one member, shall be the secretary of the meetings of the Remuneration Committee.

C. Meetings

1. Meetings shall be held at least once a year.
2. Unless otherwise agreed by all the members of the Remuneration Committee, a meeting (the “**Meeting**”) of the Remuneration Committee shall be called by at least fourteen (14) days’ notice. A member may and, on the request of a member, the secretary shall, at any time summon a Meeting. Notice shall be given to each member, at least fourteen (14) days before the date of the meeting orally in person or in writing or by telephone or by telex or telegram or facsimile transmission at the telephone number or facsimile number or address from time to time notified to the secretary by such member or in such other means as the members may from time to time determine. Any notice given orally shall be confirmed in writing. Notice of meeting shall state the time and place of the meeting and shall be accompanied by an agenda together with other documents which may be required to be considered by the members for the purposes of the Meeting.
3. The quorum of the Remuneration Committee shall be any two members, one of whom should be an independent non-executive director.
4. Meetings could be held in person, by telephone or by video conference. Members may participate in a Meeting by means of a conference telephone or similar communications equipment by means of which all persons participating in the Meeting are capable of hearing each other.
5. Resolutions of the Remuneration Committee at any Meetings shall be passed by a majority of votes of members if more than two members are present and by a unanimous vote if only two members are present.
6. A resolution in writing signed by all the members of the Remuneration Committee shall be as valid and effectual as if it had been passed at a Meeting of the Remuneration Committee duly convened and held.
7. Minutes of the Remuneration Committee shall be kept by the secretary of the Remuneration Committee. Draft and final versions of minutes shall be circulated to all members for their comments and records respectively, in both cases within a reasonable period of time after the Meeting. Such

minutes shall be open for Directors' inspection.

D. Attendance at Meetings

1. At the invitation of the Remuneration Committee, the Chairman of the Board and/or the chief executives, external advisers and other persons may be invited to attend all or part of any Meetings.
2. Only members of the Remuneration Committee are entitled to vote at the Meetings.

E. Annual General Meeting

The chairman of the Remuneration Committee or in his absence, another member of the Remuneration Committee or failing this, his duly appointed delegate, shall attend the annual general meeting of the Company and be prepared to respond to questions at the annual general meeting on the Remuneration Committee's activities and their responsibilities.

F. Responsibility, Powers and Discretion

The Remuneration Committee shall have the following responsibilities, powers and discretion:

- i. to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- ii. either
 - (a) to determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management; or
 - (b) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

This should include but without limitation, basic salaries, benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

- iii. to make recommendations to the Board on the remuneration of non-executive Directors;
- iv. to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- v. to review and approve the management's remuneration proposals by reference to the Board's corporate goals and objectives;
- vi. to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- vii. to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and
- viii. to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration.

G. Reporting Responsibilities

The Remuneration Committee shall report to the Board when appropriate.

H. Authority

1. The Remuneration Committee shall consult the Chairman of the Board and/or the chief executive about their remuneration proposals for other executive directors and senior management.
2. The Remuneration Committee is authorized by the Board to seek any

remuneration related information it requires from senior management of the Company in order to perform its duties.

3. The Remuneration Committee is authorized by the Board where necessary to have access to independent professional advice.

Note: Arrangement to seek independent professional advice could be made through Company Secretary.

4. The Remuneration Committee shall be provided with sufficient resources to perform its duties.

I. Publication of the Term of Reference

The terms of reference will be posted on the websites of the Company and the Stock Exchange. A copy of the terms of reference will be made available to any person without charge upon request.