

TIANNENG POWER INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

Terms of reference of the Remuneration Committee

The Remuneration Committee

The board of directors (the “**Board**”) of **TIANNENG POWER INTERNATIONAL LIMITED** (the “**Company**”) established a committee of the Board known as the Remuneration Committee (the “**Remuneration Committee**”), its constitution and particular duties are set out below:-

(1) Membership

The members of the Remuneration Committee shall be appointed by the Board, the majority of which should be the independent non-executive directors of the Company and the Committee shall consist of not less than three members. A quorum of a meeting of the Committee shall be two members.

(2) Frequency of meetings

Meetings of the Remuneration Committee shall be held not less than once a year.

(3) Duties

The duties of the Remuneration Committee shall include, but shall not be limited to the following:-

- (a) to make recommendations to the Board on the issuer’s policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
- (b) to have the delegated responsibility to determine the specific remuneration packages of all executive directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of non-executive directors. The Remuneration Committee should consider factors such as salaries paid by

comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the group and desirability of performance-based remuneration;

- (c) to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
- (d) to review and approve the compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the issuer;
- (e) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate; and
- (f) to ensure that no director or any of his associates is involved in deciding his own remuneration.

(4) Reporting procedures

The secretary of the Remuneration Committee shall circulate the minutes of the meetings of the Remuneration Committee to all members of the Board.