GOLDPOLY NEW ENERGY HOLDINGS LIMITED

金保利新能源有限公司*

(incorporated in Bermuda with limited liability)

Audit Committee

Terms of Reference

1. CONSTITUTION

1.1 The Audit Committee was formed pursuant to the board resolution of the Company passed on 14 March 2000.

1.2 Adopted on 23 March 2012 pursuant to the Revised Code on Corporate Governance Practices effective on 1 April 2012.

2. MEMBERSHIP

2.1 The members of the Audit Committee shall be appointed by the Board of Directors and, if the Company has a nomination committee, on the recommendation of the nomination committee in consultation with the Audit Committee Chairman from amongst the Non-executive Directors of the Company.

2.2 The Audit Committee shall consist of not less than three members, a majority of whom should be independent and at least one Independent Non-executive Director with appropriate professional accounting or related financial management expertise or qualifications.

2.3 The Chairman of the company shall not be an audit committee member.

2.4 The Chairman of the Audit Committee must be an Independent Director and appointed by the Board of Directors.

2.5 In the event that the Audit Committee comprises of a Non-executive Director who is a former partner of the Company's existing auditing firm, such Non-executive Directors shall be prohibited from acting as a member of the Company's Audit Committee for a period of 1 year commencing on the date of his ceasing to be a partner of the auditing firm or to have any financial interest in the firm, whichever is the later.

2.6 Appointments should be for a period of up to three years, extendable by no more than two additional three-year periods, so long as members continue to be independent.

3 MEETINGS

3.1 The Company Secretary shall be the secretary of the Audit Committee.

3.2 The Audit Committee may from time to time appoint any other person with appropriate qualification and experience as the secretary of the Audit Committee.

3.3 A quorum of the Audit Committee shall be any two members.

3.4 Notice of any meetings has to be given at least 7 days prior to any such meeting being held, unless all members unanimously waive such notice. Irrespective of the length of notice being given, a member attending the meeting shall be deemed waiver of the requisite length of notice of the meeting by the member. Notice of any adjourned meetings is not required if adjournment is for less than 7 days.

3.5 Meetings may be held in person, by telephone or 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.

3.6 A resolution in writing signed by all members of the Audit Committee shall be as valid and effectual as if it had been passed at a meeting of the Audit Committee duly convened and held.

3.7 Full minutes of audit committee meetings should be kept by the secretary of the Audit Committee. Draft and final versions of minutes of the audit committee meetings shall be circulated to all members of the committee for their comment and records respectively, in both cases within a reasonable time after the meeting. Such minutes of meeting shall be opened for the Board's inspection.

4 ATTENDANCE AT MEETINGS

4.1 At the invitation of the Audit Committee, the Finance Director/ Chief Financial Officer (where there is one), the Head of internal Audit (where there is one), and a representative of the external auditors may attend the meetings.

4.2 However, at least once a year the Committee shall meet with the external auditors and internal auditors (where there is one) without executive Board members or management present.

4.3 Only members of the Audit Committee are entitled to vote at the meetings.

5. FREQUENCY OF MEETINGS

5.1 The chairman of the Audit Committee, in consultation with the secretary, shall decide the frequency and timing of its meetings. There shall be as many meetings as the Audit Committee's duties and responsibilities require.

5.2 The Audit Committee shall meet no fewer than two meetings a year. The Company's external auditors may request that a meeting be held if they consider it necessary.

6. AUTHORITY

6.1 The Audit Committee is authorized by the Board to inspect all accounts, books and records of the Company.

6.2 The Audit Committee shall have the right to require the Company's management to furnish information on any matter relating to the financial position of the Company, its subsidiaries or affiliates, as may be required for

the purposes of discharging its duties.

6.3 A member of the Audit Committee may, through the company secretary, seek independent advice in appropriate circumstances at the Company's expense to discharge his/her duties as a member of the Audit Committee to the Company within its terms of reference.

6.4 The Audit Committee shall be provided with sufficient resources to discharge its duties.

6.5 Where there is disagreement between the Audit Committee and the Board, adequate time should be made available for discussion of the issue with a view to resolving the disagreement. Where any such disagreements cannot be resolved, the Audit Committee shall have the right to report the issue to the shareholders as part of the report on its activities in the annual report.

7. DUTIES & RESPONSIBILITIES

It is the Audit Committee's primary duty to act independently from the executive to ensure that the interests of the shareholders are properly protected in relation to financial reporting and internal control and to act as the key representative body for overseeing the Company's relationship with the external auditors. The Audit Committee shall have the following duty and responsibilities: -

Review of the financial information of the Company

7.1 to monitor the integrity of financial statements of the Company and the Company's annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them.

7.2 In reviewing financial reports, before submission to the board, the committee should focus particularly on: -

(a) any changes in accounting policies and practices;

(b) major judgmental areas;

(c) significant adjustments resulting from audit;

(d) the going concern assumptions and any qualifications;

(e) compliance with accounting standards; and

(f) compliance with the Listing Rules and legal requirements in relation to financial reporting.

7.3 In regard to 7.2 above:-

(a) members of the committee should liaise with the Company's board of directors, senior management and the person appointed as the Company's qualified accountant (if any) and the committee must meet, at least twice a year, with the Company's auditors; and

(b) the committee should consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts and must give due consideration to any matters that have been raised by the Company's qualified accountant and the compliance officer (if any), or auditors.

7.4 Oversight of the Company's financial reporting system and internal control procedures:

(a) to review the Company's financial controls, the Company's internal control and risk management systems;

(b) to discuss the internal control system with management to ensure that management has performed its duty to have an effective internal control system (discussion should include the adequacy of resources, staff qualifications and experience, training program and budget of the Company’s accounting and financial reporting function);

(c) to consider major investigation findings on internal control matters as delegated by the board or on its own initiative and management's response to these findings;

(d) where an internal audit function exists, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit

function is adequately resourced and has appropriate standing within the issuer, and to review and monitor its effectiveness.

(e) to review the group's financial and accounting policies and practices;

(f) to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;

(g) to ensure that the board will provide a timely response to the issues raised in the external auditor's management letter;

(h) to report to the board on the matters in this code provision; and

(i) to consider other topics, as defined by the board;

Relationship with the Company's auditors

7.5 to be primarily responsible for making recommendation to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or its dismissal;

7.6 to review and monitor external auditor's independence and objectivity;

7.7 to review and monitor the effectiveness of the audit process in accordance with applicable standard and to discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;

7.8 to develop and implement policy on engaging an external auditor to supply non-audit services;

7.9 for the purpose of 7.8, external auditor includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally; and

7.10 to report to the board, identifying and making recommendations on any

matters where action or improvement is needed.

Relationship with the Company's employees

7.11 to review arrangements employees of the Company can use in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters; and

7.12 to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

8. REPORTING PROCEDURES

8.1 The secretary shall circulate the minutes of meetings and reports of the Committee to all members of the Board.

8.2 The Audit Committee shall report to the Board after each meeting.

If there is any inconsistency between the English and Chinese versions of these terms of reference, the English version shall prevail.

* for identification purpose only