

上海復旦微電子集團股份有限公司
SHANGHAI FUDAN MICROELECTRONICS GROUP COMPANY LIMITED*
(the “Company”)

Terms of Reference for Remuneration Committee

1. Members

- 1.1 Members of the Remuneration Committee (the “Committee”) shall be appointed by the board of directors (the “Board”) of the Company. The Committee shall consist of not less than three members and a majority of its members shall be independent non-executive directors (INED(s)).
- 1.2 The Chairman of the Committee (the “Chairman”) shall be appointed by the Board and should be acted by an INED. In the absence of the Chairman, members present may elect any member (who should be an INED) to conduct the meeting.

2. Quorum

- 2.1 Two members shall form a quorum and one of which must be an INED.

3. Meetings

- 3.1 Meetings of the Committee may be held as and when required or as requested by the Chairman. The Committee shall hold at least one meeting in a year.
- 3.2 A Committee meeting which is duly convened and at which a quorum is present shall be competent to exercise all or any of the authorities, power and discretions vested in or exercisable by the Committee.
- 3.3 Members of the Committee may adopt from time to time the procedures governing the convening of the Committee meetings and the means and procedures for the passing of resolutions at Committee meetings.
- 3.4 The Chairman may invite the director responsible for Human Resources Division to attend Committee meeting if he considers necessary and with suitable reasons.
- 3.5 The Company Secretary or his delegate or such other person appointed by the Chairman shall be the secretary of the Committee (the “Secretary”).

4. Minutes of Meetings

- 4.1 Minutes of the Committee shall be kept by the Secretary. Draft and final versions of minutes of the Committee meetings shall be sent to all Committee members for their comment and records within a reasonable time after the meeting.

5. Responsibilities

The Committee shall:

- 5.1 to make recommendations to the Board on the Company’s policy and structure for all remuneration of directors and the senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;

- 5.2 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 the non-executive Directors;
- 5.3 in determining any specific remuneration package, shall consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, and employment conditions elsewhere in the Group.
- 5.4 to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
- 5.5 to review and approve the compensation payable to the 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 Company;
- 5.6 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;
- 5.7 to ensure that no director or any of his associates is involved in deciding his own remuneration; members of the Committee should abstain from voting at Committee meeting on resolutions relating to their own remuneration review; and
- 5.8 to advise shareholders on how to vote with respect to any service contracts of directors that require shareholders' approval under GEM Listing Rule 17.90.

6. Authorities

- 6.1 The Committee should consult the Chairman and/or the General Manager in making their recommendations relating to the remuneration of the other executive directors.
- 6.2 The Committee is provided by the Board with sufficient resources to perform its duties including authorisation to obtain legal or other independent professional advices from outsiders at the Company's expenses.
- 6.3 The Committee is authorised by the Board to deal with matters within the terms of reference, including authority to enquire and seek relevant information from any employees and secure the attendance of outsiders with relevant experience and expertise if it considers necessary.

7. Others

- 7.1 This Terms of Reference has been prepared bilingually in English and Chinese, and both versions have equal status and same effect.

**For identification only*