Fibocom Wireless Inc.

TERMS OF REFERENCE OF THE REMUNERATION AND APPRAISAL COMMITTEE OF THE BOARD

Fibocom Wireless Inc.
Terms of Reference of the Remuneration and Appraisal Committee of the Board

CHAPTER 1 GENERAL PROVISIONS

Article 1 In order to further establish and improve the remuneration management system for directors, supervisors and other senior management of the Company, and enhance its corporate governance structure, the Company has established the Remuneration and Appraisal Committee of the Board and formulated these terms of reference in accordance with the Company Law of the People's Republic of China (《中華人民共和國公司法》), the Code of Corporate Governance for Listed Companies (《上市公司治理準則》), the Measures for the Administration of Independent Directors of Listed Companies (《上市公司獨立董事管理辦法》), the Articles of Association of Fibocom Wireless Inc. (hereinafter referred to as the "**Articles of Association**"), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "**Hong Kong Listing Rules**") and other relevant provisions.

Article 2 The Remuneration and Appraisal Committee is a specialized working body established by the Board, which is mainly responsible for formulating the appraisal standards for directors and senior management of the Company and carrying out appraisals; and for formulating and reviewing the remuneration policies and plans for directors and senior management of the Company. It shall be accountable to the Board.

Article 3 In these terms of reference, directors refer to the Chairman of the Board and directors who receive remuneration from the Company, and senior management refers to the general manager, deputy general manager, financial officer, secretary to the Board and other senior management appointed by the Board.

CHAPTER 2 COMPOSITION

Article 4 The Remuneration and Appraisal Committee shall consist of three directors, with a majority of whom shall be independent directors, which shall be at least two.

Article 5 Members of the Remuneration and Appraisal Committee shall be nominated by the Chairman of the Board, more than half of the independent directors, or one third of all directors, and shall be elected by the Board.

Article 6 The Remuneration and Appraisal Committee shall have one convenor, who shall be an independent director and be responsible for presiding over the work of the committee. The convenor shall be elected among the members and shall be appointed upon approval by the Board.

Article 7 The term of office for the Remuneration and Appraisal Committee shall be the same as that of the Board. Members may serve consecutive terms if re-elected upon the expiration of their term. If any member ceases to serve as a director of the Company during his/her term, or if a member who is required to be an independent director no longer meets the independence requirements stipulated by the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, he/she shall automatically lose his/her membership qualification. Furthermore, if the resignation of an independent director would result in the proportion of independent directors on the Remuneration and Appraisal Committee failing to comply with the securities regulatory rules of the place where the Company's shares are listed or the provisions of these terms of reference, the committee shall fill the vacancy in accordance with Articles 4 to 6 above.

Article 8 The Remuneration and Appraisal Committee shall have a working group which is dedicated to providing the Company with relevant information on operation and the appraisees, as well as preparing for meetings and implementing relevant resolutions of the Remuneration and Appraisal Committee. The leader of the remuneration and appraisal working group shall be the head of the administrative department, and the working group is affiliated to the administrative department of the Company. When necessary, the secretary to the Board may carry out relevant coordination.

CHAPTER 3 DUTIES AND AUTHORITIES

Article 9 The main duties and authorities of the Remuneration and Appraisal Committee are:

(I) to develop remuneration plan or scheme based on the main scope, duties and importance of management positions of directors and senior management, as well as the salary levels of related positions in other related enterprises;

(II) the remuneration plan or scheme mainly includes but not limited to performance evaluation standards, procedures and major evaluation system, major scheme and system for rewards and punishments, etc.;

(III) to review the performance of duties by directors and senior management of the Company and to carry out annual performance evaluation on them;

(IV) to supervise the implementation of the Company's remuneration system, and to make recommendations to the Board regarding the formulation of remuneration policies on the establishment of formal and transparent procedures;

(V) to review and approve the remuneration proposal of the management with reference to the corporate policies and objectives set by the Board;

(VI) to be authorized to determine, or make recommendations to the Board on specific remuneration packages for individual executive directors and members of senior management;

(VII) to make recommendations to the Board on the remuneration of non-executive directors (if any);

(VIII) to consider factors such as remuneration paid by comparable companies, time commitment and responsibilities of directors and senior management, and terms of employment for other positions within the Group;

(IX) to review and approve compensation payable to executive directors and senior management for loss or termination of their office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

(X) 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;

(XI) to review and/or approve matters relating to share option or share award schemes as referred to in Chapter 17 of the Hong Kong Listing Rules;

(XII) to ensure that no director or any of his/her associates (as defined in Rules 14A.12 and 14A.13 of the Hong Kong Listing Rules) shall participate in determining his/her own remuneration;

(XIII) other matters authorized by the Board and those stipulated by laws and regulations, the Hong Kong Listing Rules and the securities regulatory rules of the place where the Company's shares are listed.

Article 10 The Board shall have the right to reject remuneration plans or schemes that are detrimental to the interests of shareholders, and to make recommendations to the Board on the following matters:

(I) the remuneration of directors and senior management;

(II) the formulation or change of equity incentive schemes (including matters relating to share schemes as referred to in Chapter 17 of the Hong Kong Listing Rules), employee stock ownership plans, the granting of benefits to incentive recipients and the fulfilment of the conditions for exercising such benefits;

(III) to arrange stock ownership plans for directors and senior management in subsidiaries to be spun off;

(IV) other matters stipulated by laws, administrative regulations, the CSRC or other securities regulatory authorities of the place where the Company's shares are listed and the Articles of Association.

Where the Board does not adopt or fully adopt the recommendations of the Remuneration and Appraisal Committee, it shall record the opinions of the Remuneration and Appraisal Committee and the specific reasons for not adopting in the Board resolution and make a disclosure.

Article 11 The remuneration plans for directors of the Company proposed by the Remuneration and Appraisal Committee are subject to consent by the Board and consideration and approval of the shareholders' general meeting; the remuneration allocation plans for senior management are subject to approval by the Board.

CHAPTER 4 DECISION-MAKING PROCEDURES

Article 12 The working group under the Remuneration and Appraisal Committee is responsible for preliminary preparation of matters to be studied by the Remuneration and Appraisal Committee and provision of relevant information to the committee:

(I) to provide information on the achievement of the Company's main financial indicators and business goals;

(II) to provide information on the scope of work and main responsibilities of the Company's senior management;

(III) to provide information on the achievement of indicators involved in the job performance appraisal system for directors and senior management;

(IV) to provide information on performance of directors and senior management in terms of their ability to innovate in business and generate profits;

(V) to provide relevant calculation basis for formulating the Company's remuneration allocation plan and allocation method based on the Company's performance.

Article 13 Procedures for appraising directors and senior management by the Remuneration and Appraisal Committee are as follows:

(I) Directors and senior management of the Company shall make a presentation and self-evaluation to the Remuneration and Appraisal Committee of the Board;

(II) The Remuneration and Appraisal Committee shall evaluate the performance of directors and senior management in accordance with the performance evaluation standards and procedures;

(III) Based on the results of the job performance evaluation and the remuneration allocation policy, the committee shall propose the amount of remuneration and the methods of reward for directors and senior management, and upon its approval by voting, submit the same to the Board of the Company.

Article 14 If necessary, the Remuneration and Appraisal Committee may engage an intermediary institution to provide professional advice for its decision-making at the Company's expense.

CHAPTER 5 RULES OF PROCEDURE

Article 15 The Remuneration and Appraisal Committee shall hold at least one meeting annually, and convene an interim meeting based on the proposal of the members, and all members shall be notified five days prior to convening. Meetings shall be presided over by the convenor. If the convenor is unable to attend, he/she may authorize another member (who shall be an independent director) to preside.

Article 16 A meeting of the Remuneration and Appraisal Committee shall not be held unless more than half of its members are present; each member shall have one vote; and resolutions made at the meeting must be passed by more than half of all the committee members.

Article 17 The voting method for a meeting of the Remuneration and Appraisal Committee shall be by a show of hands; and interim meetings may be convened by means of communication vote.

Article 18 The secretary to the Board and the head of the human resources department shall observe the meetings of the Remuneration and Appraisal Committee. When necessary, the Remuneration and Appraisal Committee may invite directors, supervisors and other senior management members of the Company to observe the meetings.

Article 19 When issues related to committee members are under discussion at the meetings of the Remuneration and Appraisal Committee, the parties involved should abstain from the discussion.

Article 20 The procedures for convening the meetings of the Remuneration and Appraisal Committee, the voting method and the remuneration policies and allocation plans passed at the meetings shall comply with relevant laws, regulations, the securities regulatory rules of the place where the Company's shares are listed, the Articles of Association and the provisions of these terms of reference.

Article 21 Meetings of the Remuneration and Appraisal Committee shall be recorded and the minutes shall be signed by the members present at the meeting; the minutes shall be kept by the Company's secretary to the Board.

Article 22 The resolutions passed and the voting results of the meetings of the Remuneration and Appraisal Committee shall be reported to the Board of the Company in writing.

Article 23 Members attending the meeting are under a duty of confidentiality with respect to the proceedings of the meeting and shall not disclose the relevant information without authorization.

CHAPTER 6 SUPPLEMENTARY PROVISIONS

Article 24 After being approved by a resolution of the Board, these terms of reference shall come into effect from the date on which the H Shares issued by the Company commence listing on the Hong Kong Stock Exchange.

Article 25 Matters not covered in these terms of reference shall be implemented in accordance with the relevant national laws, regulations, the securities regulatory rules of the place where the Company's shares are listed and the provisions of the Articles of Association. Should these terms of reference conflict with national laws, regulations, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association as lawfully amended in the future, the provisions of the relevant national laws, regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association shall prevail, and these terms of reference shall be immediately revised and submitted to the Board for consideration and approval.

Article 26 Capitalized terms used in these terms of reference shall have the same meanings as those used in the Articles of Association unless otherwise required in these terms of reference.

Article 27 These terms of reference shall be interpreted by the Board.