上海復旦微電子集團股份有限公司

SHANGHAI FUDAN MICROELECTRONICS GROUP COMPANY LIMITED*

(the "Company")

IMPLEMENTATION RULES FOR THE AUDIT COMMITTEE OF THE BOARD

CHAPTER 1 GENERAL PROVISIONS

Article 1 In order to strengthen the decision-making function of the Board, audit in advance, audit professionally, ensure effective supervision over the senior management by the Board, and perfect the corporate governance structure of Shanghai Fudan Microelectronics Group Company Limited (hereinafter referred to as the ''Company''), the Company has set up the Audit Committee (hereinafter referred to as the ''Audit Committee'') under the Board and formulated these implementing rules in accordance with the Company Law of the People's Republic of China, Guidelines for Governance Standards of Listed Companies, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the ''Hong Kong Listing Rules''), the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, relevant laws, regulations and regulatory documents and the Articles of Association of the Company (the "Articles").

Article 2 The Audit Committee under the Board is a specific working group set up by the Board, which mainly responsible for:

(1) Oversee and evaluate external audit work, and propose the appointment or replacement of external auditor;
(2) Oversee and evaluate internal audit activities, and coordinate between internal and external audit functions;
(3) Audit the Company's financial information and its disclosure;
(4) Oversee and evaluate the Company's internal controls;
(5) Exercise the powers of the Supervisory Committee as stipulated in the Companies Law;
(6) Responsible for matters relating to laws and regulations, the Hong Kong Listing Rules, the Articles of Association, and other matters authorised by the Board of Directors.

CHAPTER 2 COMPOSITION

Article 3 The Audit Committee shall consist of three to seven directors, the members of the Audit Committee shall be directors who do not hold senior management positions ("non-executive directors") in the Company, of which a majority shall be independent directors, and shall be convened by an accounting professional among the independent directors. Employee representatives on the board of directors may serve as members of the audit committee, provided that they do not hold senior management positions within the listed company.

Article 4 The members of the Audit Committee shall be nominated by the Chairman of the Board, or more than half of the independent directors, or one-third of all directors, and shall be subject to election by the Board.

Article 5 The Audit Committee shall have one chairman (convener) who shall be an independent director of accounting professional and be responsible for leading the work of the committee. The chairman of the Committee shall be elected from the members, subject to the approval of the Board. The Nomination Committee shall be elected subject to the approval of the Board.

Article 6 The term of office of members of the Audit Committee shall be the same as that of directors, renewable upon re-election at its expiry. However, members who is also the independent directors shall not serve for more than six consecutive years. If any member no longer maintains the position as a director of the Company due to resign or other reason during his/her term of office, he/she shall automatically disqualify as a member, and the vacancy shall be filled by the Board in accordance with the provisions of Articles 3 to 5 above. Should the resignation of an Audit Committee member result in the Committee falling below the statutory minimum number of members, or lacking an accounting professional, the original members shall continue to perform their duties until new members are appointed.

Article 7 The Audit Committee shall establish an audit working unit which is a daily operation institution responsible for daily work liaison, conference

organization, etc.

Article 8 The Board shall conduct regular evaluation on the independence and performance of duties of the Audit Committee members, and may replace who is unfit to continue in office if necessary.

Article 9 Members of the Audit Committee shall possess the professional expertise, work experience and sound professional ethics necessary to fulfil their duties. They shall ensure sufficient time and energy to discharge the Committee's responsibilities, acting diligently and conscientiously to effectively oversee and evaluate the Company's internal and external audit work. This shall promote the establishment of effective internal controls and the provision of true, accurate and complete financial reporting.

CHAPTER 3 RESPONSIBILITIES AND AUTHORITIES

Article 10 The Audit Committee shall be responsible for reviewing the Company's financial information and its disclosure, supervising and evaluating the internal and external auditing work and internal control, and the following matters shall be submitted to the Board for approval with the agree of a majority of all Audit Committee members:

(1) to disclosure of financial information in financial accounting reports and periodic reports, internal control reports; supervision and evaluation of internal audit work;
(2) engagement and dismissal of the accounting firm that undertakes the audit of the Company;
(3) appointment or dismissal of the financial controller of the Company;
(4) changes in accounting policies, accounting estimates or corrections of material accounting errors other than changes in accounting standards;
(5) other matters as prescribed by laws and regulations, the rules of the Stock Exchange, Hong Kong Listing Rules and the Articles of Association of the Company.

The resolutions adopted at Audit Committee meetings shall be submitted in writing to the Company's Board of Directors. Where the Audit Committee submits resolutions to the Board concerning matters within its remit and the Board does not adopt them, the Company shall disclose such

matters and provide a full explanation of the reasons.

Article 11 Audit Committee shall supervise and evaluate the work of the external auditor and shall perform the following duties:

(1) formulate policies, procedures and relevant internal control systems for the selection and appointment of external audit firms in accordance with the authorisation granted by the Board of Directors;
(2) propose to initiate the relevant procedures for selecting and appointing an external audit firm;
(3) review the selection documents, determining the evaluation criteria and specific scoring standards, and overseeing the selection process;
(4) to deliberate and decide on the appointment of external audit firms, propose audit fees, and submit resolutions to the Board of Directors;
(5) review and monitor the independence and objectivity of the external audit firm and the effectiveness of the audit procedures, discussing the nature and scope of the audit and related reporting responsibilities with the external audit firm prior to the commencement of the audit work;
(6) formulate and implement policies regarding the provision of non-audit services by external audit firms;
(7) responsible for matters relating to the appointment and dismissal of external audit firms as governed by laws and regulations, the Hong Kong Listing Rules, the Articles of Association, and authorisations granted by the Board.

Members of the Committee shall communicate with the Board and senior management. The Committee shall meet at least twice a year with the Company's external auditors.

Audit Committee is required to hold at least one separate communication meeting with the external auditor without the management participation each year. The secretary of the Board of Directors may attend the meeting.

The Audit Committee shall make recommendations to the Board regarding the appointment or replacement of external audit firms, and shall review the audit fees and engagement terms of such firms, free from undue influence by the Company's major shareholders, actual controllers, or directors and senior management.

Article 12 Audit Committee shall supervise and evaluate the internal audit work and shall perform the following duties:

(1) to direct and supervise the establishment and implementation of the internal audit system;
(2) to review the Company's annual internal audit working plan;
(3) to supervise the implementation of the Company's internal audit programme;
(4) to review reports on internal audit work, evaluating the results of internal audit work and supervising the rectification of significant issues;
(5) to supervise the effective operation of the internal audit department.

The Company's internal audit department shall report to the Audit Committee. All types of audit reports, rectification plans for audit issues and the status of rectification submitted by the internal audit department to the management shall be reported to the Audit Committee at the same time. Where the internal audit department discovers any significant issues or leads, it shall immediately report directly to the Audit Committee.

Article 13 Audit Committee shall perform the following duties when reviewing and expressing an opinion on the Company's financial reports:

(1) to review the Company's financial reports and to express an opinion on the truthfulness, completeness and accuracy of the financial reports;
(2) to focus on significant accounting and auditing issues of the Company's financial reports, including adjustments for material accounting errors, significant changes in accounting policies and estimates, matters involving significant accounting judgements, and matters leading to non-standard unqualified audit reports, etc.;
(3) to pay particular attention to the possibility of fraud, malpractice and material misstatement in relation to financial reporting;
(4) To supervise the rectification of financial reporting problems.

Article 14 Audit Committee shall perform the following duties in supervising and evaluating the Company's internal controls:

(1) to assess the appropriateness of the design of the Company's internal control system;
(2) to review the internal control self-assessment report;
(3) to review the internal control audit report issued by the external auditor, and communicating with the external auditor on the issues identified and ways to improve them;
(4) to assess the results of internal control evaluations and audits and supervising the rectification of internal control deficiencies;
(5) to review the Company's financial controls, as well as its risk management and internal control systems;
(6) to review below arrangements: employees of the Company can raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and the appropriate follow-up action.

Article 15 Audit Committee shall co-ordinate the communication between the management, the internal audit department and relevant departments and the external auditor, and shall perform the following duties:

(1) to coordinate management's communication with the external auditor on significant audit issues;
(2) to coordinate the communication between the internal audit department and the external auditor and the coordination of the external audit work;
(3) to act as the key representative between the Company and the external auditor and be responsible for supervising the relationship between the two.

Article 16 To ensure the effective performance of its duties, the Audit Committee shall have the authority to exercise the following powers in accordance with laws and regulations, the rules of the stock exchange, and the provisions of the Articles of Association:

(1) Audit the Company's financial information;
(2) Supervise the conduct of directors and senior management in the performance of their duties;
(3) Rectify the conduct of directors or senior management when their conducts are detrimental to the Company's interests;

(4) Proposal to convene an extraordinary board meeting;
(5) Propose the convening of an extraordinary general meeting of shareholders, and convene and preside over the shareholders' meeting when the board of directors fails to fulfil its statutory duties to convene and chair the shareholders' meeting;
(6) Submit a proposal to the shareholders' meeting;
(7) At the request of shareholders, initiate legal proceedings against directors and senior management personnel, other than members of the Audit Committee, who have caused losses to the Company by breaching laws, administrative regulations, or the Company's articles of association while performing their corporate duties;
(8) Other powers as prescribed by laws and regulations, stock exchange rules, and the Company's articles of association.

Article 17 The Audit Committee shall be accountable to the Board of Directors, and its proposals shall be submitted to the Board for approval.

Article 18 The Company shall provide the Audit Committee with the necessary working conditions and adequate resources, assigning dedicated personnel or a specialised unit to undertake the Committee's routine tasks including liaison, meeting organisation, material preparation and archival management.

In the performance of its duties, the Audit Committee shall be afforded the necessary cooperation by the Company's management and relevant departments. Directors and senior management shall truthfully provide the Audit Committee with pertinent information and materials, shall not obstruct the exercise of its powers, and shall ensure that the Audit Committee's duties are carried out without interference.

The expenses necessary for the Audit Committee to exercise its powers shall be borne by the Company.

CHAPTER 4 WORKING PROCEDURES

Article 19 The working unit under the Audit Committee shall be responsible for the preliminary preparations for decision-making of the Audit Committee, and providing relevant written information of the Company:

(1) relevant financial reports of the Company;
(2) working reports of the internal and external auditing firms;
(3) External audit contract and relevant working reports;
(4) Audit report on material related-party transactions of the Company;
(5) public disclosure of information by the Company;
(6) other relevant matters.

Article 20 The Audit Committee shall convene meetings to consider the reports submitted by the working unit under the Audit Committee and submit relevant written resolutions to the Board for consideration with respect to:

(1) assessment on duty performance of the external auditing firms and engagement and replacement of the external auditing firms;
(2) whether the internal audit system of the Company has been effectively implemented and whether the financial reports of the Company are comprehensive and truthful;
(3) whether the information relating to financial reports disclosed publicly by the Company is true, accurate and complete, and whether the material related-party transactions of the Company are in compliance with the relevant laws and regulations;
(4) assessment on duty performance of the financial department and audit department within the Company, including their persons in charge;
(5) other relevant matters.

Article 21 The Audit Committee may, if necessary, engage an intermediary to provide professional advice on its decision-making at the cost of the Company.

Article 22 Upon the closing of every financial year, the management of the Company shall submit a full report to each of the Audit Committee member on the annual manufacturing operation of the Company and the progress of material events.

Article 23 The working procedures of the Audit Committee in respect of the annual audit of the financial statements are set out below:

(1) the timing of the annual financial report audit shall be determined by the Audit Committee in consultation with the accounting firm which

responsible for the annual audit of the Company;

(2) the Audit Committee shall monitor the external audit firm for the completion of financial reports in time as scheduled;

(3) upon completion of the financial report, the Audit Committee shall resolve whether to accept the report or not and submit its resolution for the approval by the Board;

(4) At the same time of submitting financial report, the Audit Committee shall submit a summary of the annual audit work done by the external audit institution and to make recommendations to the Board on the reappointment or change of external audit firm for the coming year.

Article 24 The Audit Committee's deliberation on related party transactions may also be conducted at a meeting attended solely by independent directors (i.e., an independent directors' meeting). The audit working group shall likewise provide the independent directors' meeting with relevant materials in accordance with the provisions of Article 19.

CHAPTER 5 RULES OF PROCEDURE

Article 25 The convening procedure, voting method of the Audit Committee meeting and the resolutions passed must comply with relevant laws, regulations, the Articles and these implementation rules.

Article 26 Meetings of the Audit Committee are classified into regular meetings and extraordinary meetings. Regular meetings shall be held at least four times a year. The extraordinary meeting shall be proposed by the member of the Audit Committee when needed. When two or more of the Audit Committee members propose or the convener of the Audit Committee thinks necessary, extraordinary meeting shall be convened.

Meetings of the Audit Committee shall be convened and chaired by the convenor of the Audit Committee. Should the convenor be unable or refuse to perform their duties, a majority of the Audit Committee members shall jointly appoint an independent director to preside.

Article 27 The meeting of Audit Committee may only be convened with the presence of more than two-third of the members. Each member has one vote. Resolutions by the Audit Committee shall only be passed by more than half

of all the members of the Audit Committee voting in favor of such resolutions. Members having interest in discussion of transactions shall abstain and if the resolution cannot be passed due to such reason, the relevant resolution shall be deliberated directly by the Board.

Article 28 Votes may be made by a show of hands or by poll in the meeting of the Audit Committee, while for convening of an extraordinary meeting of the Committee may also be by correspondence.

Article 29 Members of the Audit Committee shall attend the meeting in person and provide an unequivocal opinion on the matter being deliberated. If a member is unable to attend a meeting for any reason, he/she they shall review the meeting materials in advance, formulate a clear opinion, and record that opinion in a letter of authorisation. A written letter of authorisation signed by the member may be submitted, authorising another committee member to attend on their behalf and express their views. The proxy shall specify the scope and duration of the authorisation. Each member shall accept a maximum of one proxy. If a member of the independent director is genuinely unable to attend the meeting in person, he/she shall appoint another member of the independent director to attend the meeting on his/her behalf.

Audit Committee may, if it deems necessary, invite representatives of the external auditors, internal auditors, financial officers, legal advisors, and other relevant personnel to attend the Committee's meetings and provide necessary information.

Article 30 Members of the working unit under the Audit Committee can attend meetings of the Committee. Directors and other senior management personnel of the Company can also be invited to attend such meetings if necessary.

Article 31 Minutes shall be taken of Audit Committee meetings. Such minutes shall be truthful, accurate and complete, fully reflecting the views expressed by attendees on matters under consideration, and shall be properly preserved. Members present at the meeting shall sign the minutes. Relevant meeting materials, including minutes, resolutions and letters of authorisation, shall be retained by the Company's Board Secretary for a period of not less than

ten years.

Article 32 Any resolution passed at the meeting of Audit Committee and the voting results must be reported in written to the Board of the Company and shall not disclose any relevant information without authorization.

Article 33 Members present at such meeting are obliged to keep all matters discussed at such meeting confidential, and shall not disclose any relevant information without authorization.

Article 34 When disclosing the annual report, the Company shall disclose the annual performance of the Audit Committee on the websites of the Shanghai Stock Exchange, mainly including the performance of its duties and the convening of the meetings of the Audit Committee.

In case a major issue discovered by the Audit Committee in the course of performing its duties touches upon the information disclosure standards stipulated in the Listing Rules of the Sci-Tech Innovation Board of the Shanghai Stock Exchange, the Company shall disclose such matters and their rectification in a timely manner.

The Audit Committee shall report its opinion to the Board in accordance with the duties set out, the Board shall disclose the matter and explain the reasons of non-acceptance.

The Company shall disclose the specialised opinions issued by the Audit Committee on the Company's material matters in accordance with the relevant laws and regulations.

CHAPTER 6 ADDENDUM

Article 35 The expression “above” and “within” herein for the numbers includes the numbers indicated while “exceed”, “less than” and “more than” exclude the numbers indicated.

Article 36 Any matters not covered by these Rules shall be governed by the relevant laws, regulations, normative documents of the State, the Hong Kong Listing Rules, and the provisions of the Articles of Association. Where

there is any inconsistency between these Rules and the relevant laws, regulations, normative documents, the Hong Kong Listing Rules, or the provisions of the Articles of Association, the relevant laws, regulations, normative documents, the Hong Kong Listing Rules, and the provisions of the Articles of Association shall prevail. Should these Rules conflict with any laws, regulations, normative documents promulgated by the State in future, the Hong Kong Listing Rules, or the Articles of Association as amended through lawful procedures, the provisions of the relevant State laws, regulations, normative documents, the Hong Kong Listing Rules, and the Articles of Association shall prevail, and these Rules shall be amended accordingly.

Article 37 Theses rules shall be implemented after the approval by the Board.

Article 38 Theses rules shall be amended and interpreted by the Board of the Company.

Shanghai Fudan Microelectronics Group Company Limited*

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*For identification only