

**CHARTER FOR THE CORPORATE GOVERNANCE
AND NOMINATING COMMITTEE
OF THE BOARD OF DIRECTORS
OF
SUBAYE, INC.**

1. PURPOSE

The purpose of the Corporate Governance and Nominating Committee (the “*Committee*”) of the Board of Directors of Subaye, Inc. (the “*Company*”) shall be to:

- Review and make recommendations to the Board regarding matters concerning corporate governance;
- Review the composition and evaluate the performance of the Board of Directors, recommend persons for election to the Board of Directors and evaluate director compensation;
- Review the composition of committees of the Board of Directors and recommend persons to be members of such committees, and review and maintain compliance of committee membership with applicable regulatory requirements; and
- Review conflicts of interest of members of the Board of Directors and corporate officers.

In addition, the Committee will undertake those specific duties and responsibilities listed below and such other duties as the Board of Directors may from time to time prescribe.

2. MEMBERSHIP AND ORGANIZATION

Composition. The Committee shall consist of no fewer than three members of the Board of Directors. All members of the Committee shall be appointed by a majority of the Board of Directors and shall be independent of the Company and its affiliates, shall have no relationship to the Company or its affiliates that may interfere with the exercise of their independence, and shall otherwise be deemed to be “independent directors” as defined in Rule 4200 of the NASDAQ Stock Market, Inc. Marketplace Rules (the “*NASDAQ Rules*”) and Section 121A of the American Stock Exchange Company Guide (the “*Amex Guide*”). The Board of Directors may designate one member of the Committee as its Chair. The Committee may form and delegate authority to subcommittees, consisting of no less than two members of the Committee, when appropriate. No member of the Committee shall be removed except by a majority vote of the independent directors then in office.

Meetings. The Committee will meet at least once per quarter. The Committee may establish its own meeting schedule, which it will provide to the Board of Directors. Special meetings may be convened as required. The Committee, or its Chair, shall report to the Board of Directors on the results of these meetings. The Committee may invite to its meetings other Directors, Company management and such other persons, as the Committee deems appropriate in order to carry out



its responsibilities. A majority of the members of the Committee present in person or by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other shall constitute a quorum.

The Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board of Directors.

3. RESPONSIBILITIES AND DUTIES

The responsibilities and duties of the Committee shall include:

Corporate Governance Generally

- Develop principles of corporate governance and recommend them to the Board of Directors for its consideration and approval;
- Review annually the principles of corporate governance approved by the Board of Directors to ensure that they remain relevant and are being complied with; and
- Oversee compliance by the Board of Directors and its committees with applicable laws and regulations, including the NASDAQ Rules and regulations promulgated by the Securities and Exchange Commission.

Composition of the Board of Directors, Evaluation and Nominating Activities

- Review the composition and size of the Board of Directors and determine the criteria for membership on the Board of Directors, including issues of character, judgment, independence, diversity, age, expertise, corporate experience, length of service, and other commitments outside the Company;
- Conduct an annual evaluation of the Board of Directors as a whole;
- Identify, consider and recommend candidates to fill new positions or vacancies on the Board of Directors, and review any candidates recommended by stockholders in accordance with the bylaws; in performing these duties, the Committee shall have the authority to retain any search firm to be used to identify candidates for the Board of Directors and shall have sole authority to approve the search firm's fees and other retention terms;



- Evaluate the performance of individual members of the Board of Directors eligible for re-election, and recommend the Director nominees by class for election to the Board of Directors by the stockholders at the annual meeting of stockholders;
- Evaluate director compensation, consulting with outside consultants when appropriate, and make recommendations to the Board of Directors regarding director compensation; and
- Review and make recommendations to the Board of Directors with respect to the 1999 Director Option Plan and any proposed amendments thereto, subject to obtaining stockholder approval of any amendments as required by law or the NASDAQ Rules.

Committees of the Board of Directors

- Periodically review the composition of each committee of the Board of Directors and make recommendations to the Board of Directors for the creation of additional committees or the change in mandate or dissolution of committees; and
- Recommend to the Board of Directors persons to be members of the various committees.

Conflicts of Interest

- Review and monitor compliance with the Company's Code of Business Conduct and Ethics;
- Consider questions of possible conflicts of interest of members of the Board of Directors and of corporate officers; and
- Review actual and potential conflicts of interest of members of the Board of Directors and corporate officers, and clear any involvement of such persons in matters that may involve a conflict of interest.

4. EVALUATION OF THE COMMITTEE

The Committee shall on an annual basis, evaluate its performance under this Charter. The Committee shall address all matters that the Committee considers relevant to its performance. The Committee shall deliver a report setting forth the results of its evaluation,



including any recommended amendments to this Charter and any recommended changes to the Company's of the Board's policies or procedures.

5. INVESTIGATIONS AND STUDIES; OUTSIDE ADVISORS

The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities, and may retain, at the Company's expense, such independent counsel or other advisors as it deems necessary. The Committee shall have the sole authority to retain or terminate any search firm to be used to identify director candidates, including sole authority to approve the search firm's fees and other retention terms, such fees to be borne by the Company.