

The tax policy has been approved by the board of directors

FarEastone Telecommunication Co., Ltd. Tax Policy

Chapter I General Provisions

Article 1 In response to the international trend of tax governance, to comply with tax laws and regulations and in pursuit of sustainable development, the FarEastone Telecommunication Co., Ltd. (hereinafter referred to as the “Company”) Tax Policy (hereinafter referred to as the “Policy”) is specially formulated. The Policy complies with the Ethical Corporate Management Best Practice Principles of the Company.

Article 2 The Policy upholds the Company's core value of “trustworthy” that undertakes to fulfill its tax obligations, improve after-tax operating results, reduce tax risks, protect shareholders' rights and interests, and support the government's sustainable development policy to foster corporate innovation, research and development, and re-investment, so as to fulfill its corporate social responsibility.

Article 3 The Policy applies to the Company and its subsidiaries included in the Company's consolidated financial report, its management scope includes income tax, indirect tax, and property tax.

Chapter II Tax Policy and Code of Conduct

Article 4 Tax Policy

I. Law Compliance: Comply with tax laws and regulations, meet

international taxation standards. Honestly file and pay tax, fulfill the social responsibilities of taxpayers.

II. Information Transparency: Tax information shall be disclosed regularly in accordance with the requirements of relevant regulations and standards to improve company transparency.

III. Risk Control: When our legal understandings on the changes in tax regulations, material transactions and decisions differ from the view of the tax authorities, the Company shall evaluate the impact and make contingency decisions.

IV. Professional Training: Strengthen the professional knowledge of the Company's tax personnel and equip them with the capability to identify and respond to tax issues in a timely manner.

V. Mutual Trust: Maintain continuous and effective communication with the local tax authority, support the government's policy to promote sustainable development.

Article 5 Code of Conduct for Taxation

I. Fully understand and strictly comply with the local tax regulations of each operation base. Honestly file and pay tax.

II. Disclose tax information in the financial statements and annual reports in accordance with the requirements of the laws and guidance.

III. All important decisions of the Company shall take into consideration the effect of taxation, as well as the reasonability of commercial operations, social responsibility and reputation, risk control and sustainable operation.

- IV. Tax management is based on the principle of sound integrity. Prevent from conducting transactions for the sole purpose of tax avoidance, using taxation structures without commercial substance, or operating of tax heaven.
- V. Related-party transactions shall comply with the transfer pricing regulations issued by the Organization for Economic Cooperation and Development (OECD). Profits shall be allocated reasonably in accordance with its function and position and complied with arm's length principle. Profits shall not be transferred intentionally to countries with low tax rates.
- VI. When the relevant tax regulations changed, the Company shall timely identify and evaluate the effect and take corresponding measures. Consult external professional tax consultants according to business needs to ensure a sound tax risk management mechanism.
- VII. The Company's tax personnel shall keep abreast of the latest updates on taxation laws and regulations and strengthen their professional competency by means of internal and external education and training.
- VIII. Maintain mutual trust and honest communication with the competent authority and the tax authority. Discuss and resolve doubts on tax issues in a timely manner to facilitate mutual understanding.
- IX. Support the government's taxation policy to foster corporate innovation, research and development, and re-investment.

Chapter III Management Responsibility

Article 6 The accounting departments of the Company and its subsidiaries are the responsible unit of tax operations and tax risk management. In order

to implement the Company's tax governance, they report material tax issues to management level and obtains permission.

Chapter IV Supplementary Provisions

Article 7 The Policy shall be reviewed and amended in a timely manner if relevant local and international tax regulations changed.

Article 8 Tax policy and management regulation are formulated in accordance with the Policy for the purpose of tax risk management.