

**CHINA TECHFAITH WIRELESS COMMUNICATION
TECHNOLOGY LIMITED**

Whistleblowing Policy and Procedures

Any employee of CHINA TECHFAITH WIRELESS COMMUNICATION TECHNOLOGY LIMITED (hereinafter defined as "Company") and other individual (including part-timer, employees of suppliers or customers or sub-contractors, etc) may submit a good faith complaint regarding conflict of interest, breach of Code of Conduct, non-compliance with internal control procedures, and issues surrounding accounting and auditing matters to the Audit Committee of the Board of Directors of Company (hereinafter defined as "Committee").

Company emphasizes that employees are encouraged to raise concerns without fear of dismissal or retaliation of any kind. Company is committed to achieving compliance with all applicable securities laws and regulations, accounting standards, accounting controls and audit practices. Committee will oversee treatment of employee and individual concerns in this area. In addition, Company also encourages its employees to raise any concerns that they may have regarding any aspect of the Company's operations.

The company has also appointed a Chief Compliance Officer to assist the Committee in dealing with these compliance issues.

Matters Covered By These Policies

These procedures address complaints relating to any questionable Accounting matters, including, without limitation, the following:

- Conflict of interest by any employee, including senior executive;
- Breach of the Company's Code of Conduct by any employee, including senior executive;
- Fraud or deliberate error in the preparation, evaluation, review or audit of any financial statement of the Company;
- Fraud or deliberate error in the recording and maintaining of financial records of the Company;
- Deficiencies in or noncompliance with the Company's internal control procedures;
- Misrepresentation or false statement to or by a senior officer or accountant regarding a matter contained in the financial records, financial reports or audit reports of the Company; or
- Deviation from full and fair reporting of the Company's financial condition.

CHINA TECHFAITH WIRELESS COMMUNICATION TECHNOLOGY LIMITED

Procedures For Reporting Complaints

- Employees may forward complaints on a confidential or anonymous basis to the Chief Compliance Office (CCO) through the Company's **ethical hotline at 8610-58229853**, or by sending an **email to Ethics_email@techfaith.cn**, or by regular mail or meet the CCO in person.
- The hotline or email will be directed to CCO in person. Department managers, legal counsel, or Human Resources Director, upon receiving any allegation, shall report and file such allegation via hotline and email in accordance with the same handling procedure.
- Report of irregular accounting matters, misbehavior of and complaint against senior executives (CEO/CFO/COO/VPs) of the Company should be directed to the Committee by sending an email to **Audit_Committee@techfaith.cn**. The Audit Committee may instruct company attorney to carry out investigation.
- All allegations will be documented onto Compliant Log (Appendix II) in order to keep track of the status and results. Compliant Log should be kept in a secure place by the CCO and access is restricted to CCO and the members of Audit Committee.
- In general, within 3 working days, the CCO shall acknowledge the receipt of complaint to the whistleblower if his/her name is provided.
- When investigation is considered necessary, the CCO will assign an authorized person (internal auditor, company legal counsel, or Human Resources personnel) to launch investigation to obtain more details of the event and supporting evidence.
- The outcome of all allegations must also be notified by investigators to the complainant, if he or she has provided their names. The person or persons against whom a allegation is made must be informed of the allegation and the evidence supporting it and must be allowed to comment before the investigation is concluded.
- All allegations, including those dismissed after preliminary examination, and the results of their investigation must be reported by the CCO to the Audit Committee, of which the non illegal and non senior executives involved allegation events shall be summarized and reported quarterly and the illegal and senior executives involved events shall be reported forthwith upon investigation.
- If the complainant remains dissatisfied with the outcome of the investigation, he or she will have the right to appeal to the chairman of the Audit Committee where (1) he/she believes that the complaint handling procedures have not been followed properly, or (2) he/she is convinced that the decision is one which no reasonable person could have reached based on the facts.
- The Company will not discharge, demote, suspend, threaten, harass or in any

**CHINA TECHFAITH WIRELESS COMMUNICATION
TECHNOLOGY LIMITED**

manner discriminate against any employee in the terms and conditions of employment based upon any lawful actions of such employee with respect to good faith reporting of complaints regarding Accounting Matters or otherwise as specified in Section 806 of the Sarbanes-Oxley Act of 2002.

- Detailed whistleblowing handling procedures are outlined on Appendix I.

Approval and Effective Date

This policy is approved by the Audit Committee and becomes effective on the date of approval.

Approved by the Chairman of Audit Committee:

Peter Clarke

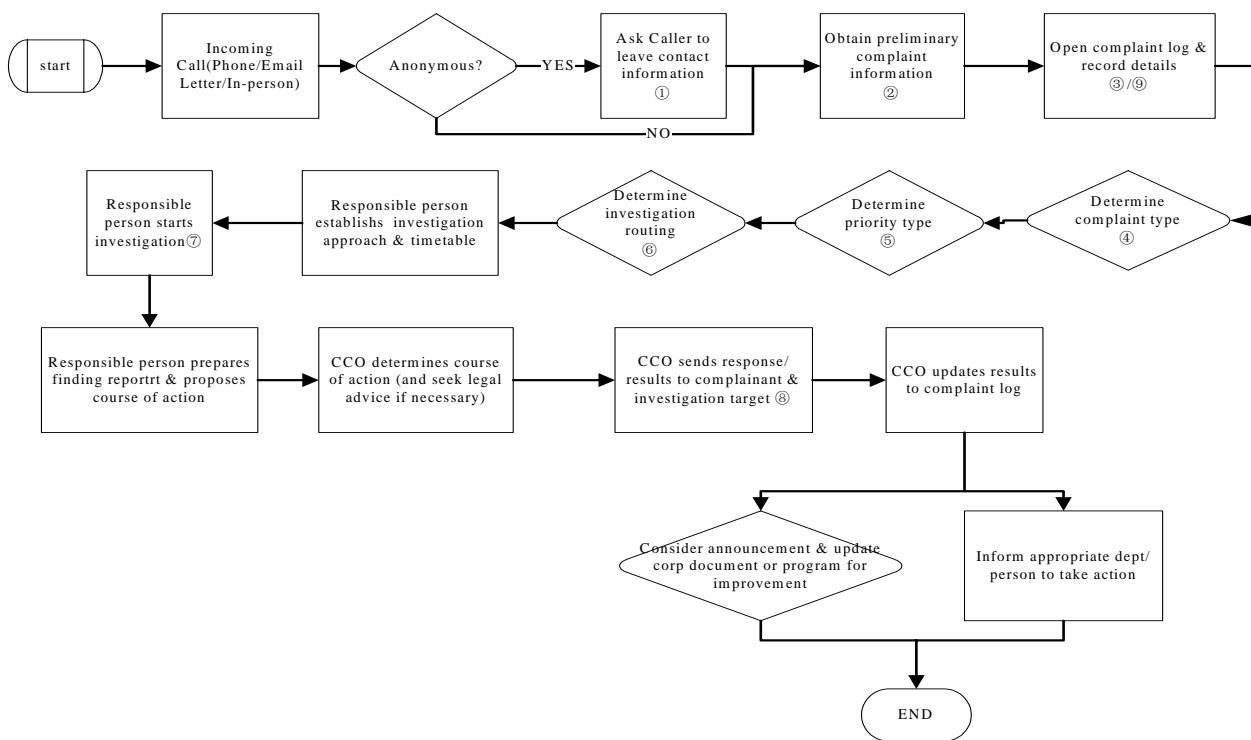
Name

May 13, 2006

Date

CHINA TECHFAITH WIRELESS COMMUNICATION TECHNOLOGY LIMITED

Appendix I — Whistleblowing Handling Procedures



- Notes:
- ① Try to identify communication channel for future contact and possible information verification purpose
 - ② Who / What / When / Where / evidence / caller expectation
 - ③ Assign complaint number & log details of complaint
 - ④ Ethic (conflict of interest/)/ accounting fraud / occupational fraud / commercial fraud etc,
 - ⑤ High/medium/low priority of response
 - ⑥ Possible routing : HR/Legal/Internal audit, etc
 - ⑦ Contacting complainant & review of books & records and contacting investigation target to verify facts or obtain additional information
 - ⑧ Response represents disciplinary action against complaint target / dismiss complaint / identifying the need to improve
 - ⑨ Complaint log is secured in a safe place & accessibility restricted to CCO and audit committee

**CHINA TECHFAITH WIRELESS COMMUNICATION
TECHNOLOGY LIMITED**

Appendix II — Compliant Log



Microsoft Excel
工作表