Beijing Digital Telecom Co., Ltd.
Internal Audit System

CHAPTER I GENERAL PROVISIONS

Article 1 In order to strengthen the internal audit supervision and risk control of Beijing Digital Telecom Co., Ltd. (hereinafter referred to as the "Company"), improve the internal audit system, enhance the quality of internal audit work, and fully leverage the role of internal audit, this System is formulated in accordance with the *Company Law of the People's Republic of China, the Audit Law of the People's Republic of China, the Provisions of the National Audit Office on Internal Audit Work, China Internal Audit Standard No. 1101 – Basic Standard, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Articles of Association of Beijing Digital Telecom Co., Ltd.* (hereinafter referred to as the "Articles of Association") and other relevant regulations, taking into account the actual situation of the Company.

Article 2 This System applies to the Company, its various internal institutions, its subsidiaries, and its associated companies over which it has significant influence (hereinafter collectively referred to as the "Audited Entity(ies)"). Among these, subsidiaries include branches, wholly-owned subsidiaries, holding subsidiaries, and their subordinate companies.

Article 3 For the purpose of this System, "internal audit" refers to the independent and objective supervision, evaluation, and recommendations conducted by the internal audit institution and its personnel regarding the Company's financial revenues and expenditures, economic activities, internal controls, risk management, and the performance of economic responsibilities by internal management leaders, aiming to promote improved governance and achievement of the Company's objectives.

CHAPTER II INSTITUTIONAL SETUP AND PERSONNEL MANAGEMENT

Article 4 The Company establishes an Audit Committee under the Board of Directors and formulates rules of procedure for the Audit Committee. The Audit Committee is responsible for reviewing the Company's financial information and its disclosure, supervising and evaluating internal and external audit work and internal controls.

Article 5 The internal audit institution is responsible to the Board of Directors and carries out its work independently under the supervision and guidance of the Audit Committee. The Company establishes an Audit Department as its internal audit institution, which is responsible for overseeing the Company's audit work, ensuring adequate internal audit resources, and reviewing and supervising the effectiveness of the internal audit function. The Audit Department shall be staffed with full-time internal audit personnel.

Article 6 The Audit Department shall maintain its independence and shall not be placed under the leadership of the Company's Finance Department, nor shall it share office space with the Finance Department. The Company's various internal institutions, subsidiaries, and associated companies over which it has significant influence shall cooperate with the Audit Department in performing its duties according to law and shall not hinder the work of the Audit Department.

Article 7 The internal audit institution shall appoint a head of audit who is responsible for the overall management of internal audit work. The head of audit shall hold a full-time position and possess a background in auditing, accounting, economics, law, or management.

Internal audit personnel shall possess the professional competence and ethical integrity required for audit work. If internal audit personnel have an interest in the relevant responsible person, supervising personnel, or the audit matter when handling an audit engagement, they shall withdraw. The internal audit institution and its personnel shall not engage in work that may affect the independent and objective performance of their audit duties.

Article 8 When performing internal audit work, the internal audit institution and its personnel shall adhere to the operational standards stipulated in *China Internal Audit Standard No. 1101 – Basic Standard*, uphold the principles of independence, objectivity, and fairness, perform their duties conscientiously, and remain loyal to their responsibilities.

CHAPTER III INTERNAL AUDIT RESPONSIBILITIES AND AUTHORITY

Article 9 The internal audit institution shall perform the following duties:

(1) to establish and improve the internal audit supervision system, formulate internal audit work systems; prepare annual internal audit work plans;

(2) to audit the implementation of the Audited Entity's development plans, strategic decisions, major measures, and annual business plans;

(3) to audit the economic management, financial revenues and expenditures, operating performance, and other related economic activities of the Audited Entity;

(4) to audit the internal control and risk management status of the Audited Entity;

(5) to audit the overseas institutions, overseas assets, and overseas economic activities of the Audited Entity;

(6) to audit the fixed asset investment projects, engineering construction projects, and procurement projects of the Audited Entity;

(7) to conduct economic responsibility audits on the leading personnel of the Company's internal management;

(8) to assist the Company's principal responsible persons and the Audit Committee in supervising and promoting the rectification of issues identified in audits; and

(9) Other matters required by relevant national regulations, relevant regulatory authorities, or the Company.

Article 10 Internal audit shall generally cover all business links related to financial reporting and information disclosure matters in the Company's operating activities, including but not limited to: sales and collection, procurement and expense and payment, inventory management, fixed asset management, fund management (including investment and financing management), human resource management, financial reporting, information system management, and information disclosure management. The internal audit institution may adjust the aforementioned business links based on the Company's industry and production and operating characteristics.

Article 11 When performing audit duties according to law, the internal audit institution and its personnel mainly exercise the following authority:

(1) to require the Audited Entity to submit, on time, information and underlying documents (including relevant electronic data, the same below) related to development plans, strategic decisions, major measures, internal controls, financial revenues and expenditures, as well as necessary computer technical documentation, based on the needs of the internal audit work;

(2) to attend relevant Company meetings and convene meetings related to audit matters;

(3) to inspect materials and documents related to financial revenues and expenditures, economic activities, internal controls, and risk management, and conduct on-site inspections of physical assets;

(4) to inspect relevant computer systems and their electronic data and materials;

(5) to conduct investigations and inquiries with relevant units and individuals regarding issues in audit matters, and obtain relevant evidentiary materials;

(6) report ongoing serious violations of laws and regulations or serious loss or wasteful actions promptly to the Company's principal responsible person or the Audit Committee, and make temporary suspension decisions upon approval;

(7) to temporarily seal accounting vouchers, account books, financial reports, and materials related to economic activities that may be transferred, concealed, altered, or destroyed, upon approval;

(8) to propose opinions on correcting and handling violations of laws and regulations, and suggestions for improving management and enhancing performance;

(9) to communicate internal audit results and rectification status within a certain scope;

(10) other authorities explicitly stipulated by relevant laws, regulations, and national provisions.

Article 12 Audited Entities and audited personnel shall actively cooperate with the work of the internal audit institution and provide relevant materials promptly, truthfully, and comprehensively. The principal responsible person of the Audited Entity shall be responsible for the authenticity and completeness of the materials provided by their unit.

CHAPTER IV AUDIT WORK PROCEDURES

Article 13 The internal audit institution shall prepare an annual audit work plan based on the Company's annual work plan and key tasks at each stage, combined with the actual business of each unit and the allocation of audit resources, and implement it after approval by the Chairman of the Board.

Article 14 The internal audit institution shall form an audit team before implementing an audit project based on the annual audit project plan, and determine the audit object considering the specific circumstances.

Article 15 The audit team shall investigate and understand the relevant situation of the Audited Entity or audited personnel, determine the audit scope and audit focus, and prepare an audit implementation plan.

Article 16 In principle, the internal audit institution shall deliver the audit notice to the Audited Entity or audited personnel 3 days before implementing the audit.

Article 17 Internal audit personnel shall obtain audit evidence in accordance with the prescribed authority and procedures, and accurately and completely record information such as the name, source, content, and acquisition time of the audit evidence.

Article 18 Auditors shall investigate, obtain evidence, and analyze the audit matters determined in the audit implementation plan, and prepare audit working papers item by item.

Article 19 Upon completion of the audit project, the audit team shall form audit conclusions, opinions, and suggestions based on the verified audit evidence, and submit an audit report to the internal audit institution.

Article 20 The internal audit institution shall solicit opinions from the Audited Entity or audited personnel in writing regarding the audit report submitted by the audit team.

The Audited Entity or audited personnel may submit written opinions to the audit team within 10 days from the date of receiving the audit report; failure to submit written opinions within the time limit shall be deemed as no objection, but the audit team shall provide an explanation.

Article 21 After soliciting opinions from the Audited Entity or audited personnel, the audit report shall be submitted to the Company's principal responsible person for review. The internal audit institution shall deliver the finalized audit report to the Audited Entity.

Article 22 The internal audit institution shall, according to relevant regulations, establish and improve the internal audit project file management system and properly maintain audit files.

CHAPTER V APPLICATION OF AUDIT RESULTS AND ACCOUNTABILITY

Article 23 The Company shall establish and improve a rectification mechanism for issues discovered in internal audits. The Audited Entity bears the primary responsibility for implementing rectifications for the issues identified, and the principal responsible person of the Audited Entity is the first person responsible for internal audit rectification.

Article 24 For issues discovered and suggestions proposed in the audit, the Audited Entity shall submit a rectification plan to the internal audit institution within 30 days from the date of receiving the audit report; and shall submit a written rectification report and supporting materials to the internal audit institution within 60 days from the date of receiving the audit report.

Article 25 For typical, widespread, or trending issues discovered in internal audits, the Audited Entity shall promptly analyze and study them, formulate and improve relevant management systems, and establish and enhance internal control measures.

Article 26 The internal audit institution shall strengthen coordination and cooperation with other internal oversight bodies such as finance, internal control, risk control, and human resources, establishing working mechanisms for information sharing, joint use of results, joint implementation of important matters, and joint implementation of rectification and accountability for issues.

Article 27 Internal audit results and the status of issue rectification shall serve as important basis for the assessment, appointment and removal, rewards and penalties of cadres, and relevant decision-making.

Article 28 Actions such as obstructing or undermining audit work, providing false information, or retaliating against auditors shall be promptly corrected by the Company, and disciplinary actions shall be taken depending on the severity of the circumstances; if a crime is constituted, the matter shall be transferred to judicial authorities for handling.

Article 29 If internal audit personnel abuse their power, engage in malpractice for personal gain, neglect their duties, or disclose secrets, the Company shall take disciplinary action against the directly responsible supervisors and other directly responsible personnel; if suspected of a crime, the matter shall be transferred to judicial authorities for handling according to law.

CHAPTER VI SUPPLEMENTARY PROVISIONS

Article 30 Matters not covered in this System shall be implemented in accordance with relevant national laws, regulations, departmental rules, securities regulatory rules of the listing of the Company's shares, normative documents, and the provisions of the Articles of Association. If the provisions of this System are inconsistent with national laws, regulations, departmental rules, securities regulatory rules of the company's stock listing, normative documents promulgated or revised later, or the Articles of Association amended through legal procedures, the latter shall prevail, and this System shall be amended promptly.

Article 31 This System shall take effect and be implemented upon review and approval by the Board of Directors.

Article 32 The right to interpret and amend this System belongs to the Company's Audit Department.