

Article 4 In performing the duties, the Committee may seek independent professional advice for company related matters, at Huaxin's reasonable expense.

The expense budget of the Committee for the aforementioned purposes shall be submitted to the chairman of the Company for approval.

Article 5 The Committee shall conduct regular review and assessment annually over the duty performance of the Committee and the implementation of these Rules of Procedures.

Article 6 The Secretary to the Board or the delegate appointed by the Committee shall act as the Secretary to the Committee, and be responsible, in conjunction with the Chairman of the Committee, for drawing up and deciding the meeting agenda

Article 12 The Chairman of the Committee shall exercise power as follows:

- (1) Determining the agenda of the Committee meetings;
- (2) Presiding over the Committee meetings and taking reasonable measures to ensure proper functioning of the Committee, including the proper conduct of meetings and an appropriate level

- (10) Other matters authorized by the laws, regulations, listing rules of the place where the company shares are listed and the Board.

The following matters shall be approved by over half of all members of the Audit Committee before being submitted to the Board of Directors for review:

- (1) Disclosure of financial information in financial accounting reports and periodic reports, as well as internal control assessment reports;
- (2) Appointment or removal of the accounting firm responsible for the audit of the business of the Company;
- (3) Appointment or removal of the head of finance of the Company;
- (4) Making changes to accounting policies, accounting estimates, or correcting significant accounting errors for reasons other than changes in the accounting standards;
- (5) Other matters stipulated by laws, regulations, rules of the China Securities Regulatory Commission, and the Articles of Association of the Company.

Article 14 The role of the Committee in supervising and assessing the work performance of the external auditors on behalf of and upon due authorization of the Board mainly involves:

- (1) Making suggestions to the Board on the appointment, re-appointment and removal of the external auditor, approve the remuneration and terms of appointment and settle any issues related to the resignation of or dismiss the external auditors;
- (2) Reviewing, considering and advising the Boards on:
 - The external

party that's informed of all the related information, such agency will be deemed as a part of the local or international business of the external auditor under reasonable circumstances) to ensure that the provision of such services does not impair the external auditor's independence or objectiveness.

Prior to the auditing, discussing an

- (d) Whether the laws, regulations, listing rules of the place where the company shares are listed related to financial reporting are complied with;
- (2) Supervising the rectification of the financial reporting issues; and
- (3) To perform the above duties,
 - (a) Members of the Committee shall liaise with the Board and senior management. The Committee shall have meetings with the auditors for at least twice a year;
 - (b) The Committee

management investigation and further treatment, and the existence of any unsettled matters as reported by the internal or external audit agencies;

- The adequacy of the process for reporting and responding to significant control weaknesses including the adequacy and results of Top Management's investigation and follow up and whether there are unresolved issues as reported by the external auditor and Internal Audit Department;
 - Any difficulties encountered in the course of reviews, including any restrictions on the scope of the work or access to required information; and
 - Any instances of significant internal and external fraudulent activity identified and responses thereto.
- (5) Reviewing the self-assessment reports on internal control;
- (6) Review the finance, accounting policy and practice of the ComeeeCni19(t)-21(98 659.62

the company to conduct fair and independent investigations and take appropriate action in such matters;

Article 17 The Committee's duty in supervising the

Article 18 The Committee holds regular and provisional

meeting shall sign on the minutes. The Secretary to the Committee shall be responsible for the formation, circulation, signature and archiving of meeting minutes.

Article 27 Committee shall answer for the Board. Any opinions made and resolutions passed at a meeting of the Committee shall be