THE WORK RULES OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF SHENWAN HONGYUAN GROUP CO., LTD.

(Revised Version)

CHAPTER 1 GENERAL PROVISIONS

Article 1 In order to improve and standardize the consideration and decision-making procedures of the Audit Committee of Shenwan Hongyuan Group Co., Ltd. (hereinafter referred to as the "Company"), enhance the efficiency and scientific decision-making level of the Audit Committee, and ensure the smooth operation of the Audit Committee, the Rules are formulated in accordance with the Company Law of the People's Republic of China (中華人民共和國公司法), the Code of Corporate Governance for Listed Companies, the Measures for the Administration of Independent Directors of Listed Companies and other relevant national laws, administrative regulations, normative documents, regulatory requirements of the place(s) where the Company's shares are listed, the relevant requirements of the Articles of Association of Shenwan Hongyuan Group Co., Ltd. (hereinafter referred to as the "Articles of Association") and the Rules of Procedure of the Board of Directors of Shenwan Hongyuan Group Co., Ltd. (hereinafter referred to as the "Rules of Procedure of the Board of Directors"), and based on the actual situation of the Company.

Article 2 The Audit Committee is a specialized working body of the Board of Directors established in accordance with the Articles of Association. It is accountable to and reports to the Board of Directors.

Article 3 Meetings of the Audit Committee shall be divided into regular meetings and interim meetings. Regular meetings shall be convened at least once per quarter. Interim meetings of the Audit Committee may be convened upon the proposal of two or more members, or when deemed necessary by the convener, in accordance with relevant national laws, administrative regulations, normative documents, regulatory requirements of the place(s) where the Company's shares are listed, the Articles of Association, the Rules of Procedure of the Board of Directors, and the relevant provisions of the Rules.

Article 4 The Board of Directors shall provide the Audit Committee with sufficient resources to enable it to perform its duties.

Article 5 The office of the Board of Directors shall serve as the administrative body for the Audit Committee, and shall be responsible for handling administrative matters related to the Audit Committee's daily duties, including receiving relevant proposals, organizing meetings, recording minutes, maintaining archives, and overseeing the implementation of meeting resolutions.

The Company's audit department is accountable to and reports to the Audit Committee. It assists and coordinates with the office of the Board of Directors, and is responsible for organizing and providing consideration proposals and research matters, and providing follow-up feedback on the implementation of the meeting resolutions of the Audit Committee.

CHAPTER 2 COMPOSITION

Article 6 The Audit Committee shall consist of three to five directors who are not serving as senior management members of the Company. Independent non-executive directors shall constitute a majority of the committee, and at least one independent non-executive director shall be a accounting professional (the "Accounting Professional").

A former partner of the Company's current external audit firm shall not serve as a member of the Audit Committee for a period of two years from the date of his/her departure or cessation of financial interest in the current external audit firm, whichever is later.

Employee directors among the Board members may serve as members of the Audit Committee.

Article 7 The Audit Committee shall have one convener, who shall be a professional accountant among the independent non-executive directors. The convener and other members of the Audit Committee shall be nominated and appointed by the chairman of the Board after soliciting the opinions of the majority of directors, and shall be approved by the Board of Directors.

Article 8 The term of office for members of the Audit Committee shall be consistent with that of the directors. Members may be re-elected upon the expiration of their terms. If, during the term of office, a member cease to serve as a director of the Company, or a member who is required to hold the status of an independent non-executive director no longer meet the independence requirements stipulated by relevant laws, administrative regulations, normative documents, the listing rules of the place(s) where the Company's shares are listed, and the Articles of Association, such member shall automatically cease to be a member of the Audit Committee. The Board of Directors shall then replenish the member in accordance with the provisions of the Rules of Procedure.

If the resignation of an member of the Audit Committee result in the number of members falling below the statutory minimum number of members or in the absence of Accounting Professional, the existing member shall continue to perform his/her duties until new member is appointed.

CHAPTER 3 RESPONSIBILITIES AND AUTHORITY

Article 9 Members of the Audit Committee shall liaise with the Board of Directors and the Company's senior management. The Audit Committee shall meet with the Company's external audit firm at least twice annually.

Article 10 In accordance with relevant laws, administrative regulations, normative documents, regulatory requirements of the place(s) where the Company's shares are listed and the relevant provisions of the Articles of Association, the Audit Committee shall be accountable to and report to the Board of Directors, with the following responsibilities:

(I) to propose the appointment or replacement of the external audit firm; to make recommendations on the remuneration and engagement terms of the external audit firm; to handle any matters concerning the resignation or dismissal of the external audit firm; and to oversee the professional conduct of the external audit firm;

(II) to oversee and evaluate internal audit activities, review the Company's annual audit work; and to make judgments on the truthfulness, accuracy, and completeness of financial report information following the annual audit and submitting such judgments to the Board of Directors for consideration;

(III) to review the completeness and effectiveness of the Company's accounting system, audit system, capital management system and financial control system; to supervise the implementation of the Company's relevant systems; to ensure that the internal audit function is sufficiently resourced within the Company and has appropriate standing; and to review and monitor its effectiveness;

(IV) to oversee and evaluate the Company's internal controls; to issue written assessments on the effectiveness of internal controls; and to report findings to the Board of Directors;

(V) to oversee and evaluate the work of the external audit firm; to review and monitor the independence and objectivity of the external auditor and the effectiveness of the auditing procedures in accordance with applicable standards; and to discuss the nature and scope of the audit and related reporting obligations with the external audit firm prior to the commencement of the audit work;

(VI) to formulate and implement policy on the provision of non-audit services by the external auditor. The Audit Committee shall report such actions or improvements as it deems necessary to the Board of Directors and make recommendations;

(VII) to coordinate communication between management, the internal audit department, relevant departments, and external audit firms;

(VIII) to inspect the Company's finances and review the financial information and its disclosure of the Company; to review and issue comments on the financial reports of the Company; to monitor the completeness of the Company's financial statements as well as annual reports and accounts, interim reports and quarterly reports, and review significant financial reporting opinions contained therein. In reviewing these statements and reports before submission to the Board of Directors, the Audit Committee shall focus particularly on:

1. any changes thereof in accounting policies and practices;

2. major judgmental areas;

3. significant adjustments resulting from audit;

4. the enterprise's going concern assumptions and any qualifications;

5. compliance with accounting standards; and

6. compliance with the regulatory provisions of the places where the Company's shares are listed and legal requirements in relation to financial reporting.

The Audit Committee shall consider any significant or unusual items therein, or may need to be, reflected in such reports and accounts and shall give due consideration to any matters that have been raised by the staff responsible for the accounting and financial reporting function, the compliance officer or the external auditor;

(IX) to review the Company's financial control and internal control systems;

(X) the right to conduct thorough discussions on proposals concerning the Company's financial conditions and internal control at the meetings of the Board of Directors, and the right to request explanations, responses, and questioning from management on related matters; and to make recommendations to the Board of Directors on such basis to ensure that management has fulfilled its duties in establishing and maintaining an effective internal control system. The discussion shall include the Company's adequacy of resources, staff qualifications and experience, training programmes received by employees and relevant budget in accounting and financial reporting functions;

(XI) to consider significant investigation findings and the respective management's responses on internal control matters as delegated by the Board of Directors or on its own initiatives;

(XII) to review the Company's financial and accounting policies and practices;

(XIII) to review the external auditor's management letter, any material queries raised by the external auditor to management in respect of accounting records, financial accounts and control systems and management's responses;

(XIV) to ensure that the Board of Directors will provide a timely response to the issues raised in the external auditor's management letter;

(XV) to supervise the performance of duties by the directors and senior management members and proposing the removal of directors and senior management members who are in breach of the laws, administrative regulations, the Articles of Association or resolutions of the general meeting;

(XVI) to urge the directors and senior management members to rectify their acts which impair the interests of the Company;

(XVII) to propose to convene an extraordinary general meeting; to convene and preside over general meetings when the Board of Directors fails to perform the duty of convening and presiding over general meeting as stipulated in the Company Law;

(XVIII) to put forward proposals at the general meetings;

(XIX) to initiate lawsuits against directors and senior management members in accordance with the provisions of the Company Law;

(XX) other duties as provided in the laws, administrative regulations, regulatory provisions of the places where the Company's shares are listed and the Articles of Association.

(XXI) to study other topics defined by the Board of Directors.

The following matters shall be submitted to the Board of Directors for consideration after obtaining the approval of more than half of all members of the Audit Committee:

(I) disclosure of financial information in financial accounting reports and periodic reports, as well as internal control evaluation reports;

(II) appointment or dismissal of the accounting firm undertaking the Company's audit work;

(III) appointment or dismissal of the Company's chief financial officer;

(IV) changes to accounting policies or accounting estimates, or corrections of significant accounting errors for reasons other than changes in accounting standards;

(V) other matters stipulated by laws, administrative regulations, regulatory provisions of the places where the Company's shares are listed and the Articles of Association.

Article 11 The employees of the Company could raise concerns about any possible improper behaviors in respect of financial reporting, internal control or others in a furtive manner. The Audit Committee shall ensure that appropriate arrangements are in place in order for the Company to conduct fair and independent investigation and take appropriate actions for those matters.

Article 12 The Audit Committee shall act as the main representative between the Company and the external auditor, and be responsible for supervision of the relationship between both parties.

Article 13 When supervising and evaluating the work of the internal audit department, the Audit Committee shall perform the following main duties:

(I) to guide and supervise the establishment and implementation of the internal audit system;

(II) to review the annual internal audit work plan of the Company;

(III) to supervise and urge the implementation of the internal audit plan of the Company;

(IV) to guide the effective operation of the internal audit department. The internal audit department of the Company must report its work to the Audit Committee, and the various audit reports, the rectification plan and rectification of audit problems submitted by the internal audit department to the management shall be submitted to the Audit Committee concurrently;

(V) to report to the Board of Directors on the progress and quality of the internal audit work and the major problems found;

(VI) to coordinate the relationship between the internal audit department and external audit units such as accounting firms and national audit institutions.

The Audit Committee shall participate in the evaluation of the person in charge of internal audit.

Article 14 The convener of the Audit Committee mainly exercises the following powers:

(I) to convene regular meetings of the Audit Committee;

(II) to convene ad hoc meetings of the Audit Committee under special circumstances;

(II) to preside over the meetings of the Audit Committee;

(IV) to supervise and check the implementation of the resolutions of the Audit Committee;

(V) other duties authorized by the Board of Directors and the Audit Committee.

Article 15 The staff of the working body under the Audit Committee are allowed to attend meetings in relation to the Company's audit work as nonvoting attendees, access relevant materials, and issue independent supervision reports on such basis and report them to the Audit Committee, the Chairman of the Company and China Securities Regulatory Commission according to the situation.

Article 16 The relevant senior management and departments of the Company shall assist the Audit Committee and provide relevant information as needed, including but not limited to:

(I) relevant financial reports of the Company;

(II) audit reports of the internal and external auditors, respectively;

(III) external audit contracts and related work reports;

(IV) disclosure of information by the Company;

(V) audit or evaluation reports on significant connected transactions of the Company;

(VI) information related to investment decisions;

(VII) Other relevant matters.

Article 17 Within the authority conferred by the Articles of Association, the Audit Committee may carry out relevant investigation activities, and all employees of the Company shall cooperate with the Audit Committee.

Article 18 The Audit Committee's audit opinion and report shall be submitted to the Company's Board of Directors for consideration and decision.

CHAPTER 4 RULES OF PROCEDURES

Article 19 Meetings of the Audit Committee are convened and presided over by the convener. In the event that the convener is unable to or does not perform such duty, he or she shall authorize another member or more than half of the members shall jointly recommend one (1) member to perform his or her duty.

Article 20 In principle, the Audit Committee shall notify each of the Audit Committee members in writing three (3) days prior to the meeting (excluding the meeting day); under special circumstances, if more than two-thirds (2/3) of the Audit Committee members have no objection, the Audit Committee may notify each of members in less than three (3) days or in other ways.

Article 21 A notice of meeting of the Audit Committee includes the following:

(I) time and venue of the meeting;

(II) duration of the meeting;

(III) cause and issue;

(IV) date of issue of the notice.

The issue and notice of the meeting are prepared by the convener of the Audit Committee, and delivered to all Audit Committee members through the staff of the Board of Directors of the Company.

Article 22 Meetings of the Audit Committee may be convened by way of on-site meetings and communications (including but not limited to phone, video and fax).

Article 23 Meetings of the Audit Committee shall only be held when more than two-thirds (2/3) of the members are present. Members shall attend the meetings of the Audit Committee in person and shall not be represented.

Article 24 The Audit Committee may discuss certain audit matters, reports or documents of the Company, and matters considered by the Audit Committee shall be formed as a resolution of meeting which, together with relevant proposals, shall be submitted to the Board of Directors of the Company.

Article 25 The voting at meetings of the Audit Committee shall be undertaken by way of poll, each member has one vote with signatures on resolutions. The voting at ad hoc meetings may also be undertaken by communication.

The resolutions of the Audit Committee shall be passed by more than half of members of the Audit Committee.

Members of the Audit Committee of the Board of Directors shall abstain from voting in the event that he/she has interests in the matters discussed at the meeting. If no effective opinion on review can be formed due to abstention, the relevant matters shall be submitted to the Board of Directors for consideration.

Article 26 In principle, the Audit Committee does not consider the issues or matters not listed in the notice of meeting. Under special circumstances when new issues or matters need to be added, more than two-thirds (2/3) of the members shall agree to review and decide on the issues or matters that are temporarily added.

Article 27 The Audit Committee shall make minutes of meetings for the resolutions as required, and the members of the Audit Committee presented at the meeting shall sign the minutes. Minutes of meetings of the Audit Committee shall include the following:

(I) date, venue and name of convener of the meeting;

(II) supposed number and actual number of the members attending the meeting;

(III) description on the legal validity of relevant procedures and resolutions of the meeting;

(IV) description on the content of the resolutions considered and voted at the meeting and voting results (including any concerns raised or objections expressed by members);

(V) other matters that shall be explained and recorded in the resolutions and minutes.

Article 28 Meetings convened by the Audit Committee shall appraise the related reports, and submit the relevant written resolutions to the Board of Directors for discussion.

(I) evaluation of the performance of the external auditor and the appointment and replacement of the external auditor;

(II) whether the Company's internal audit system has been effectively implemented, and whether the Company's financial reports are true;

(III) whether the information such as financial reports disclosed by the Company is objective and accurate, and whether the Company's significant connected transactions are in compliance with relevant laws and regulations;

(VI) evaluation of the performance of the finance and audit departments (including their respective heads) of the Company;

(V) other relevant matters.

Article 29 The first and final draft of written documents of resolutions and minutes of meetings of the Audit Committee shall be delivered to all members of the Committee within a reasonable period of time after the meetings. The first draft shall be for the members to express their opinions and the final draft for their records. Written documents of resolutions and minutes of meetings of the Audit Committee shall be kept as company files by the secretary of the Board of Directors. During the existence of the Company, the files shall be kept for a term of not less than fifteen (15) years.

Article 30 After resolutions of the Audit Committee meeting are formed, if they need to be submitted to the Board of Directors for consideration, they shall be submitted to the Board of Directors in time to enable the Board of Directors to consider and approve.

Article 31 Members of the Audit Committee attending the meeting and persons attending the meeting as non-voting attendees are subject to confidentiality obligations on all discussed matters of the meeting and shall not disclose relevant information.

Article 32 The general manager and the secretary of the Board of Directors of the Company shall attend meetings of the Audit Committee as non-voting attendees.

Pursuant to meeting agenda and needs, the Audit Committee may convene other persons in relation to the issues of meeting to attend the meeting to introduce relevant situation or listen to relevant opinions, who shall not be absent for no reason. Such persons attending the meeting as non-voting attendees shall not be involved in the consideration proceedings and shall not affect the progress of meeting, as well as the voting and resolutions of meeting.

Article 33 The Audit Committee shall meet with the external auditor at least once a year in the absence of management to discuss matters related to audit fees, any issues arising from the audit work and other matters raised by the external auditor.

Article 34 The Audit Committee may, if necessary, engage intermediary institutions to provide professional advice for its decision, the cost shall be paid by the Company.

CHAPTER 5 MISCELLANEOUS

Article 35 The Company shall disclose the annual performance of the Audit Committee of the Board of Directors in the annual report, mainly including the performance of its duties and the convening of the meeting of the Audit Committee.

The Audit Committee submits audit opinions to the Board of Directors of the Company on matters within its scope of duties. If the Board of Directors does not adopt them, the Company shall disclose the matters and fully explain the reasons.

Article 36 Save for otherwise specified, the terms used in the Rules shall be the same as defined in the Articles of Association.

Article 37 Any matters not covered in the Rules, or shall there be any contradiction between the relevant provisions of the Rules and the laws, administrative regulations, normative documents, listing rules of the places where the Company's shares are listed and the Articles of Association promulgated or amended after its effectiveness, the matters shall be implemented in accordance with the relevant provisions of national laws, administrative regulations and normative documents, listing rules of the places where the Company's shares are listed and the Articles of Association.

Article 38 When the Rules need to be revised in accordance with the changes in actual situation, the revision draft shall be submitted by the Audit Committee, and to the Board of Directors for consideration and approval.

Article 39 The Rules shall take effect from the date considered and approved by the Board of Directors of the Company. From the effective date of the Rules, the Company's original Working Rules of the Audit Committee of the Board of Directors shall automatically expire.

Article 40 The Board of Directors of the Company shall be responsible for the interpretation of the Rules.