

**Network CN Inc.
(the “Company”)**

AUDIT COMMITTEE CHARTER

I. PURPOSE

The audit committee (the “Committee”) is created by the board of directors of the Company (the “Board”) to assist the Board in its oversight of:

- A. the quality and integrity of the financial statements of the Company;
- B. the qualifications, independence and performance of the Company’s independent auditors;
- C. the performance of the Company’s internal control functions;
- D. compliance by the Company with legal and regulatory requirements; and
- E. the development and implementation of corporate governance principles, policies, codes of conduct and ethics relating to the operation of the Board and its committees as well as the Company as a whole.

II. MEMBERSHIP AND QUALIFICATIONS

The Committee shall consist of at least two members, comprised solely of independent directors meeting the independence and experience requirements of the U.S. Securities and Exchange Commission (“SEC”), the American Stock Exchange (“AMEX”) or any other stock exchanges that the company is listed on.

All members of the Committee shall have working familiarity with basic finance and accounting practices (or acquire such familiarity within a reasonable period after his or her appointment) and at least one member must be a “financial expert” under the requirements of the Sarbanes-Oxley Act. Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Company or by an outside consultant.

No member of the Committee shall receive compensation other than:

- A. director’s fees for service as a director of the Company, including reasonable compensation for serving on the Committee and regular benefits that other directors receive; and
- B. pension or similar compensation for past performance, provided that such compensation is not conditioned on continued or future service to the

Company.

The members of the Committee shall be appointed by the Board and shall serve until the annual general meeting following the date of appointment or until such member's earlier resignation or removal. The members of the Committee may be removed, with or without cause, by a majority vote of the Board.

III. MEETINGS AND PROCEDURES

- A. The chairperson of the Committee shall be elected by the votes of a majority of the members of the Committee and, in the absence of such a vote, appointed by the chairperson of the Board. In the event of a tie vote on any issue, the chairperson's vote shall decide the issue.
- B. The Committee shall meet not less frequently than quarterly, and perhaps more frequently, in conjunction with regularly scheduled meetings of the Board at regularly scheduled times and places determined by the Committee chairperson, with further meetings to occur, or actions to be taken by unanimous written consent, when deemed necessary or desirable by the Committee or its chairperson.
- C. Members of the Committee may participate in a meeting of the Committee by means of conference call or similar communications equipment by means of which all persons participating in the meeting can hear each other.
- D. Members of the Committee shall be governed by the same rules regarding meetings (including meetings by conference telephone or similar communications equipment), action without meetings, notice, waiver of notice and quorum and voting requirements as are applicable to the Board.
- E. The Committee shall maintain minutes or other records of meetings and activities of the Committee.
- F. The Committee is authorized (without seeking Board approval) to retain special legal, accounting or other advisors and may request any officer or employee of the Company or the Company's outside counsel or independent auditors to meet with any member of, or advisor to, the Committee.
- G. The Committee may delegate its authority to subcommittees or the chairperson of the Committee when it deems appropriate and in the best

interests of the Company.

IV. FUNDING

The Company shall provide for appropriate funding, as determined by the Committee, for the payment of:

- A. compensation for the Company's independent auditors engaged for the purposes of preparing or issuing audit reports or performing other audit, review of attestation services for the Company;
- B. compensation for any advisers employed by the Committee; and
- C. ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

V. AUTHORITY AND RESPONSIBILITIES

In addition to any other responsibilities which may be assigned from time to time by the Board, the Committee is responsible for the following matters:

- A. Independent Auditors
 - 1. The Committee has the sole authority to appoint, compensate, retain, oversee and terminate the independent auditors of the Company (subject, if applicable, to shareholder ratification), including sole authority to approve all audit engagement fees and terms and all permissible non-audit services to be provided by the independent auditors.
 - 2. The Committee shall inform each registered public accounting firm performing work for the Company that such firm shall report directly to the Committee.
 - 3. The Committee shall pre-approve the audit services and non-audit services to be provided by the Company's independent auditors before the independent auditors are engaged to render such services, pursuant to policies established by the Committee. The Committee may consult with management in the decision-making process, but may not delegate this authority to management. The Committee may delegate its authority to pre-approve services to one or more Committee members, provided that such members present any such approvals to the full Committee at the

next Committee meeting.

4. The Committee shall review and approve the scope and staffing of the independent auditors' annual audit plan.
5. On at least an annual basis, the Committee shall evaluate the independent auditors' qualifications, performance and independence, and shall present its conclusions with respect to the independent auditors to the full Board. As part of such evaluation, the Committee shall:
 - a. obtain and review a formal written report or reports from the Company's independent auditors:
 - i. describing the auditing firm's internal quality-control procedures;
 - ii. describing all relationships between the independent auditors and the Company, consistent with Independence Standards Board Standard No.1; and
 - iii. assuring that Section 10A of the Securities Exchange Act of 1934 has not been implicated;
 - b. review and evaluate the senior members of the independent auditor team, particularly the partners on the audit engagement team; and
 - c. consider whether the audit engagement team partners should be rotated more frequently than is required by law, so as to assure continuing auditor independence.

B. Financial Statements; Disclosure and Other Risk Management and Compliance Matters

1. The Committee shall oversee the accounting and financial reporting processes of the Company and the audits of the Company's financial statements.
2. The Committee shall review with management and the independent auditors, in separate meetings if the Committee deems it appropriate:
 - a. the critical accounting policies and practices of the Company; and
 - b. related-party transactions and off-balance sheet transactions.

The Company shall not enter into any related-party transaction or off-balance sheet transaction without the prior written approval of the

Committee.

3. The Committee shall, in conjunction with the Chief Executive Officer and Chief Financial Officer of the Company, review the Company's internal controls and disclosure controls and procedures, including whether there are any significant deficiencies in the design or operation of such controls and procedures, material weaknesses in such controls and procedures, any corrective actions taken with regard to such deficiencies and weaknesses and any violations of such controls or procedures or any fraud involving management or other employees with a significant role in such controls and procedures.
4. The Committee shall review with the independent auditors:
 - a. any audit problems or other difficulties encountered by the auditor in the course of the audit process, including any restrictions on the scope of the independent auditor's activities or on access to requested information, and any significant disagreements with management; and
 - b. management's responses to such matters.

Without excluding other possibilities, the Committee may wish to review with the independent auditors:

- a. any accounting adjustments that were noted or proposed by the auditor but were "passed" (as immaterial or otherwise);
 - b. any communications between the audit team and the audit firm's national office respecting auditing or accounting issues presented by the engagement; and
 - c. any "management" or "internal control" letter issued, or proposed to be issued, by the independent auditors to the Company.
5. The Committee shall have sole authority over the resolution of any disagreements between management and the independent auditors regarding the Company's financial reporting.
 6. The Committee shall establish procedures for:

- a. the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
- b. the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

C. Corporate Governance and Legal Compliance

The Committee shall develop and recommend to the full Board a set of corporate governance guidelines applicable to the Board and the Company and, if deemed necessary by the Board, propose from time to time any amendments to such guidelines. The Committee shall propose for consideration by the full Board a “code of business conduct and ethics” and, if deemed necessary by the Board, propose from time to time any amendments to such code. The Committee shall ensure that, as part of each regularly scheduled meeting of the Board, the independent directors shall meet in an executive session prior to the conclusion of such Board meeting.

The Committee shall have the following additional duties:

1. to oversee and evaluate compliance by the Board and management with the Company’s corporate governance guidelines and codes of business conduct and ethics;
2. to appoint a compliance officer with respect to such corporate governance guidelines and codes of business conduct and ethics, who will normally be the Chief Legal Advisor of the Company, and review periodically, with Chief Legal Advisor, any legal matter that could have a significant impact on the Company’s financial statements;
3. to meet at least annually with management of the Company to discuss its compliance with the Company’s corporate governance guidelines;
4. to discuss with management and the independent auditors the Company’s guidelines and policies with respect to risk assessment and risk management, including the Company’s major financial risk exposures and the steps management has taken to monitor and control such exposures;
5. to set clear hiring policies for employees or former employees of the independent auditors;

6. to establish procedures for:
 - a. the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
 - b. the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters; and
7. to coordinate the training of directors as required by the SEC and the listing requirements of AMEX or any other stock exchanges that the company is listed on, as amended from time to time.

D. Reporting to the Board

1. The Committee shall report regularly to the full Board any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's independent auditors or the performance of the internal audit function; and with respect to such other matters as are relevant to the Committee's discharge of its responsibilities.
2. The Committee shall also periodically review and assess the adequacy of this charter and recommend any proposed changes to the Board.
3. The Committee shall provide such recommendations as the Committee may deem appropriate. The report to the Board of Directors may take the form of an oral report by the Chairperson or any other member of the Committee designated by the Committee to make such report.

VI. LIMITATIONS INHERENT IN THE COMMITTEE'S ROLE

It is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management and the independent auditors. Furthermore, while the Committee is responsible for reviewing the Company's policies and practices with respect to risk assessment and management, it is the responsibility of the Chief Executive Officer and senior management to determine the appropriate level of the Company's exposure to risk.