If there is any discrepancy between the English text and the Chinese text in respect of these terms of reference, the Chinese text shall prevail.

LIAONING PORT CO., LTD.
TERMS OF REFERENCE OF
THE AUDIT COMMITTEE OF THE BOARD

CHAPTER 1 GENERAL PRINCIPLES

Article 1 In order to further promote the standardized operation of Liaoning Port Co., Ltd. (the "**Company**"), improve the corporate governance, and give full play to the role of independent directors in the governance of the Company, these terms of reference (the "**Terms of Reference**") of the audit committee (the "**Audit Committee**" or "**Committee**") are formulated in accordance with the Company Law of the People's Republic of China (the "**Company Law**"), the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (the "**Shanghai Listing Rules**" or the "**Listing Rules**"), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**" or the "**Listing Rules**"), the Administrative Measures for Independent Directors of Listed Companies, the Code of Corporate Governance for Listed Companies, the Administrative Measures for Selection and Appointment of Accounting Firms by State-owned Enterprises and Listed Companies, the Guidelines for the Audit Committee of Listed Companies and the Articles of Association of Liaoning Port Co., Ltd. (the "**Articles**"), as well as other laws, regulations and relevant regulatory documents.

Article 2 The Audit Committee is a specialised committee subordinated and accountable to the board of directors (the "**Board**").

Article 3 The Audit Committee shall discharge its duties independently in accordance with the provisions of these Terms of Reference.

CHAPTER 2 COMPOSITION

Article 4 All members of the Audit Committee shall be non-executive directors, and all of whom shall be directors who do not hold senior management positions in the Company, comprising at least three (3) members, and at least one of the independent non-executive directors being a professional in accounting or financial management.

Article 5 Members of the Audit Committee shall be elected by the Board, with the majority of them being independent non-executive directors, and an accounting professional among the independent non-executive directors should serve as the chairman of the Committee or the convenor.

Article 6 The Audit Committee shall have one (1) chairman who is responsible for presiding over the work of the Committee. The chairman shall be elected among the Committee members and the same shall submitted to the Board for approval.

Article 7 Any former partner (if any) of the accounting firm currently responsible for the audit of the Company's accounts shall be prohibited from serving as a member of the Audit Committee of the Company within one year from the date of his/her ceasing to be a partner or to have any financial interest in the accounting firm, whichever is later.

Article 8 The term of office of members of the Audit Committee shall be concurrent with the other directors and each term of office shall not exceed three years. Upon the end of term of office, the independent directors shall be eligible for re-election, but in any event the term of office shall not be more than 6 years. A Committee member shall be automatically resigned if he/she resigns or ceases to be a director of the Company during his/her term of office for any other reasons and the Board shall appoint an appropriate candidate as a member of the Audit Committee within three months to comply with the relevant provisions of the Listing Rules. If the resignation of a member will cause the number of members constituting the Audit Committee fall below the quorum or a lack of accounting professionals, the resigning member shall continue to perform his/her duties until the date of assumption of a new member.

Members of the Audit Committee shall possess the professional knowledge, work experience, and good professional ethics necessary to perform their duties, devote sufficient time and energy to fulfilling the duties of the Committee, and shall be diligent and conscientious in effectively supervising and evaluating the internal and external audit work of the Company, promoting the establishment of effective internal controls, and providing true, accurate, and complete financial reports. Members of the Audit Committee shall continuously strengthen their learning and training in areas such as law, accounting, and regulatory policies to continuously improve their ability to perform their duties.

Article 9 The secretary to the Board of the Company shall be the secretary of the Audit Committee who shall be responsible for the day-to-day work liaison and organisation of Committee meetings.

CHAPTER 3 SCOPE OF AUTHORITY

Article 10 The main duties and powers of the Audit Committee shall include the following:

(I) To review financial information and its disclosure of the Company;

(II) To supervise and evaluate external audit and to propose for the engagement or change of external audit institutions;

(III) To supervise and evaluate internal control, and be responsible for the coordination between the internal audit and the external audit;

(IV) To supervise and evaluate internal audit work;

(V) To supervise the financial reporting system, risk management and internal control systems of the Company;

(VI) To exercise the functions and powers of the Supervisory Committee as required by the Company Law (see Paragraph (5) of Article 18 for details);

(VII) To be responsible for other matters prescribed by laws, regulations, self-discipline regulations of the stock exchange, provisions of the Articles and the authorization of the Board.

Article 11 The Audit Committee is responsible for reviewing financial information and its disclosure of the Company, supervising and evaluating internal and external audit work and internal control. The following matters shall be submitted to the Board for consideration after being approved by more than half of all members of the Audit Committee:

(I) Disclosure of financial information in financial accounting reports and periodic reports, and internal control assessment reports;

(II) Appointment or dismissal of the accounting firm that undertakes the auditing engagement of the Company;

(III) Appointment or dismissal of the financial controller of the Company;

(IV) Changes in accounting policies or accounting estimates or correction of material accounting errors for reasons other than changes in accounting standards; if the Company independently changes accounting policies, in addition to promptly disclosing such changes in accordance with the provisions after consideration and approval by the Board, the Company shall also disclose the opinions of the Board, the Audit Committee on whether changes in accounting policies comply with relevant regulations. If such changes need to be considered by the general meeting, the special opinions issued by the accounting firm shall also be disclosed;

(V) Other matters prescribed by laws, regulations, relevant provisions, provisions of the CSRC, self-discipline regulations of the stock exchange and the Articles.

The review opinions adopted at the Audit Committee meeting shall be submitted to the Board of the Company in writing. The Audit Committee shall submit review opinions on matters within its scope of duty to the Board. If the Board does not adopt the review opinions, the Company shall disclose the matter and provide sufficient reasons.

Article 12 Review of financial information and its disclosure of the Company

The Audit Committee shall review the Company's financial accounting reports, annual reports, half-yearly and quarterly reports, provide opinions on the authenticity, accuracy, and completeness of the relevant information, and focus on significant accounting and auditing issues in the financial accounting reports. In reviewing such statements and reports of the Company prior to their submission to the Board, the Audit Committee shall focus particularly on:

(I) Any changes in accounting policies and practices;

(II) Major areas requiring important judgements;

(III) Significant adjustments resulting from audit;

(IV) The going concern assumptions and any qualifications;

(V) Compliance with accounting standards;

(VI) Whether there is a possibility of fraud, misrepresentation, or material misstatement related to financial accounting reports, and supervising the rectification of financial accounting report issues;

(VII) Compliance with the listing rules and other legal requirements in relation to financial reporting.

For issues such as financial fraud and significant accounting errors, the Audit Committee shall require the Company to correct the relevant financial data before making a preliminary resolution, and shall not approve the resolution until the corrections have been completed. If the Audit Committee cannot guarantee the authenticity, accuracy, and completeness of the financial information in the periodic report, or if it has objections, shareholders shall cast against or abstention when reviewing the regular report.

Article 13 Supervision of appointment of external audit institution

The Audit Committee shall supervise the appointment of external audit institutions and perform the following duties:

(I) To formulate policies, procedures and related internal control systems for the selection and appointment of external audit institutions in accordance with the authorization of the Board;

(II) To propose to initiate the selection and appointment of the external audit institution;

(III) To review selection and appointment documents, determine evaluation matrix and specific scoring standards, and supervise the selection and appointment process;

(IV) To review the decision of appointment of the external audit institution, make recommendations to the Board on the audit fees and submit as a resolution to the Board;

(V) Other matters relating to appointment or dismissal of external audit institutions prescribed by laws, regulations, the Articles and the authorization of the Board.

The Audit Committee shall make recommendations to the Board on the appointment or change of external audit institutions, review the audit fees and the terms of engagement of the external audit institutions, and shall not be unduly influenced by the substantial shareholders of the Company, persons exercising de facto control over the Company, or directors and senior management;

Article 14 Supervision and evaluation of external audit

The Audit Committee shall supervise and evaluate the work of external audit institutions, and shall perform the following duties:

(I) The Audit Committee supervise the external audit institution's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; shall discuss with the external audit institution the nature and scope of the audit and relevant issues relating to reporting obligations before the audit commences. If more than one (1) auditing institutions is involved, the coordination of their work shall be ensured;

(II) The Audit Committee shall hold at least two meetings with the external audit institution each year. During the annual report audit period, at least one closed meeting without the participation of management of the Company shall be held with the external audit institution, and the secretary to the Board may attend the meeting;

(III) To review, among others, the external audit institution's explanatory letter relating to the audit submitted to the management of the Company, any material queries from the external audit institution to the management about the accounting records, financial accounts or supervision and control systems, and the management's response;

(IV) To ensure that the Board will provide a timely response on the issues raised in the external audit institution's explanatory letter relating to the audit submitted to the management of the Company;

(V) To act as the key representative body between the Company and the external audit institution for supervising their relationship;

(VI) To supervise and evaluate the audit work and other non-audit services of the external audit institution, urge external audit institutions to be honest and trustworthy, diligent and responsible, strictly comply with business rules and industry self-regulatory standards, strictly implement internal control systems, verify and validate the financial accounting reports of the Company, fulfill their special duty of care, exercise caution in expressing professional opinions, and coordinate the resolution of the disagreements between the management and the auditor relating to the financial statements and other audit matters. The external audit institution shall report its work to the Audit Committee. The Audit Committee shall regularly (at least annually) submit to the Board an evaluation report on the performance of the engaged accounting firm's duties and a report on the performance of the Audit Committee's supervisory responsibilities;

(VII) The Audit Committee shall meet with the senior management of the Company, external audit institution and the persons in charge of internal control and internal audit of the Company, at least once annually, to discuss the "Communication Letter from Governance" submitted or proposed to be submitted to the Company by the external auditor.

Article 15 Supervision and evaluation of internal audit

The Audit Committee shall supervise and evaluate the internal audit, and shall perform the following duties:

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

(II) To review the annual internal audit planning of the Company;

(III) To supervise the implementation of the internal audit plan of the Company;

(IV) To guide the effective operation of the internal audit institution;

(V) The Audit Committee participates in the evaluation of the person in charge of the internal audit;

(VI) The internal audit institution shall report its work regularly to the Audit Committee, including but not limited to the implementation of the internal audit plan and the problems found in the internal audit work. If the internal audit institution finds major problems and risks, it shall report them in writing to the Audit Committee, which shall make recommendations according to the report and report to the Board;

(VII) To coordinate relationships between the internal audit institution and external audit units such as external audit institutions and national audit institutions;

The internal audit institution shall accept supervision and guidance from the Audit Committee during the process of supervising and inspecting the Company's business activities, risk management, internal control, and financial information.

The Audit Committee shall supervise and guide the internal audit institution to conduct inspections at least once every six months on the following matters, issue inspection reports, and submit to the Audit Committee. The Audit Committee shall promptly report to the regulatory authorities upon discovering any illegal or irregular activities or unstandardized operations engaged by the Company:

(I) The implementation of major events such as the use of raised funds, provision of guarantees, connected transactions, securities investments and derivative transactions, provision of financial assistance, purchase or sale of assets, and external investments;

(II) Large-scale fund transactions of the Company, as well as fund transactions involving directors, senior management, controlling shareholders, persons exercising de facto control over the Company, and their related parties.

If the Audit Committee discovers clues of financial fraud, abnormal business operations, or significant negative public opinion and media scrutiny related to the Company, or receives explicit complaints or reports during its routine duties, it may require the Company to conduct a self-inspection or request the internal audit institution to conduct an investigation.

Article 16 Supervision and evaluation of internal control

The Audit Committee shall supervise and evaluate the internal control, and shall perform the following duties:

(I) To supervise and guide the internal audit institution in conducting internal control inspections and evaluations, and urge the internal audit institution to assess the risk situation in key areas and critical links of the Company's internal control system. The Audit Committee may regularly organize the analysis of assessment opinions and inspection results, and any internal control deficiencies identified during inspections shall be reflected in the internal control evaluation report;

(II) Based on the internal audit reports and related materials submitted by the internal audit institution, the Audit Committee shall issue a written assessment opinion on the effectiveness of the Company's internal control system and report to the Board.

Article 17 Supervision of the Company's financial reporting system, risk management and internal control systems

The Audit Committee shall supervise the Company's financial reporting system, risk management and internal control systems, and shall perform the following duties:

(I) To supervise the financial controls, internal control and risk management systems of the Company;

(II) To discuss the establishment and operation of the internal control system with the management regularly to ensure that the management has performed relevant duties, including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget;

(III) To consider major investigation findings on internal control matters and the management's response to such findings and to propose recommendations for rectification to the management and to inspect the implementation of such recommendations;

(IV) To review the financial and accounting policies and practices, and the establishment and operation of the internal control system of the Company and its subsidiaries;

(V) To report to the Board on matters set out in Appendix 14 "Code on Corporate Governance" to the Hong Kong Listing Rules, as amended from time to time.

If the Company has significant internal control deficiencies or is found to have committed financial fraud, misappropriated funds, or provided illegal guarantees, the Audit Committee shall urge the Company to carry out follow-up rectification and internal accountability measures, urge the Company to formulate rectification plans and measures and complete rectification within a specified time limit, and establish and strictly implement internal accountability and responsibility systems.

Article 18 Other authority

(I) The Audit Committee shall be provided with sufficient resources to discharge its duties. The Company shall provide the Audit Committee with the necessary working conditions and sufficient resources, and assign dedicated personnel or institutions to handle routine tasks such as communication, meeting organization, material preparation, and document management for the Audit Committee. When the Audit Committee performs its duties, the Company's management and relevant departments shall cooperate. Directors and senior management shall truthfully provide the Audit Committee with relevant information and materials, shall not obstruct the Audit Committee in the exercise of its powers, and shall ensure that the Audit Committee is not interfered with in the performance of its duties. The expenses necessary for the Audit Committee to exercise its powers shall be borne by the Company. When disclosing its annual report, the Company shall also disclose the annual performance of the Audit Committee, including its performance of duties and exercise of powers, the convening of Audit Committee meetings, and other relevant matters;

(II) To review the following staff whistle blower policy formulated by the Company: the employees of the Company may, in confidence, report or raise concerns to the Audit Committee about possible irregularities in financial reporting, internal control or other aspects, and shall ensure that proper arrangements are in place for fair and independent investigation into such matters and for taking appropriate follow-up actions by the Company;

(III) The Audit Committee is authorised to seek any information it requires from any employee of the Company. All employees shall co-operate with the Audit Committee for the requests made thereby;

(IV) The Audit Committee shall enquire the general manager and chief financial officer in respect of the following matters: Are there any significant deficiencies in the design or operation of internal control which may have unfavourable effects on the ability to record, handle, summarise and report financial data, any major weaknesses in internal control and any fraudulent acts (whether material or not) of the management or other employees who perform major functions in internal control;

(V) In order to ensure the effective performance of its duties, the Audit Committee shall have the authority to exercise the following powers and positions in accordance with laws and regulations, self-regulatory rules of the stock exchange, and the Articles:

1. To check company finances;

2. To supervise the conduct of directors and senior management in the performance of their duties;

3. To request directors and senior management to rectify their conduct when such conduct impairs the interests of the Company;

4. To propose the convening of an extraordinary board meeting;

5. To propose the convening of an extraordinary general meeting, and convene and preside over the general meeting when the Board fails to fulfill its legal duties to convene and preside over the general meeting;

6. To submit proposals to the general meeting;

7. To accept requests from shareholders to initiate litigation against directors and senior management (excluding members of the Audit Committee) who have violated laws, administrative regulations, or the Articles while performing their duties, thereby causing losses to the Company;

8. Other powers and positions as prescribed by laws and regulations, self-regulatory rules of the stock exchange, and the Articles.

CHAPTER 4 RULES AND PROCEDURES OF PROCEEDINGS

Article 19

The unit of daily operations of the Audit Committee shall be set up at the office of the Board. The secretary of the Committee shall be responsible for, as required by the Audit Committee, organising the relevant functional departments of the Company to provide the relevant information and other supports required by the Audit Committee to discharge its duties.

Resolutions relating to the duties of the Audit Committee submitted to the Board for consideration shall be first considered by the Committee and the expertise issues within these Terms of Reference of the Audit Committee shall be studied and discussed by the Committee prior to submitting their professional opinions and recommendations on the resolutions to the Board as references for the Board's decision-making.

Article 20

Meetings of the Audit Committee shall be divided into regular and extraordinary meetings. Regular meetings shall be held at least once a quarter. As deemed necessary by the convener or two or more members may propose to hold an extraordinary meeting. Notices of regular and extraordinary meetings shall be given to all members at least five (5) days and three (3) days in advance, respectively. In urgent cases where an immediate meeting is required, a notice of an extraordinary meeting may be given at any time with the consent of the chairman of the Committee. In principle, the Company shall provide relevant materials and information no later than three days before the convening of the Committee meeting, and relevant meeting materials shall be kept for at least ten years. If two or more members consider that the meeting materials are incomplete, insufficiently demonstrated or not provided in a timely manner, they may propose in writing to the Board to postpone the convening of the meeting or postpone the consideration of such matter.

The convener of the Audit Committee is responsible for convening and presiding over Audit Committee meetings. If the convener of the Audit Committee is unable or refuses to perform his/her duties, a majority of the Audit Committee members shall jointly elect an independent director to preside over the meeting.

Article 21

The quorum of a meeting of the Audit Committee shall be more than two-thirds of the members present at the meeting. Resolutions of a Committee meeting shall be passed by more than one-half of all members of the Audit Committee. Voting on resolutions of the Audit Committee shall conducted on a one-person-one-vote basis. A member of the Audit Committee shall abstain from voting in the meeting if he/she has an interest in the matters to be discussed at the meeting. If it is not possible to form an effective comments due to recusal, the relevant matter shall be submitted to the Board for consideration.

Members shall attend Committee meetings in person, and express their opinions on the matters to be considered. If a Committee member is unable to attend the meeting in person for any reason, he/she shall review the meeting materials in advance to form clear opinions and record the opinions in the proxy, and entrust other members in writing to attend on his/her behalf. Each member of the Audit Committee shall be entrusted by at most one member, and the authorization letter shall specify the scope and duration of the authorization. If an independent director is unable to attend the meeting for any reason, he/she shall authorise other members of the Audit Committee who are independent directors to attend the meeting on his/her behalf.

Article 22 The Audit Committee meetings shall be held by ways of on-site meetings in principle. On the premise of ensuring that all attending directors can fully communicate and express their opinions, the meeting can be held by video, telephone or other means in accordance with procedures when necessary. The Company shall, in principle, provide relevant data and information no later than three days prior to the Audit Committee meetings. If the meeting is held by other means, the office of the Board of the Company shall be responsible for circulating the relevant written resolution to all members of the Committee who shall be given reasonable time for consideration. Having received the replies of affirmative opinion via mail or by other means, a resolution of the Audit Committee shall be passed and recorded by the office of the Board.

If any member requests for supplementary information or further explanations from the Company, the relevant department of the Company involved in the matter being resolved shall be responsible for supplying the supplementary materials and report to the Committee.

Article 23 If the Audit Committee deems necessary, it may invite other directors, senior management and members of relevant functional departments of the Company to attend the meeting.

Article 24 The Audit Committee may, if necessary, appoint intermediaries to provide professional opinions thereto at the expense of the Company.

Article 25 The procedures relating to the holding of, voting and passing of resolutions at the meetings of the Audit Committee shall comply with the relevant laws and regulations, the Articles and the provisions of these Terms of Reference.

Article 26 The secretary of the Committee shall be responsible for the organisation and minutes of the meetings of the Committee. The relevant functional departments of the Company shall be responsible for cooperating in performing various works specific to the meetings.

Article 27 The Audit Committee shall prepare minutes of meetings in accordance with provisions, and the minutes shall be true, accurate and complete, and shall fully reflect the opinions expressed by the participants on the matters under consideration. Members of the Audit committee attending the meeting shall sign on the minutes. Meeting minutes, meeting resolutions, proxies and other relevant meeting materials shall be properly preserved by the Company for a period of at least ten years.

The initial draft of the minutes of a meeting of the Audit Committee shall be sent to all members of the Committee within seven (7) days after the meeting for their comments and thereafter be finalized for record. Members of the Audit committee attending the meeting shall sign on the minutes. The minutes of the meeting shall record only the speeches and opinions made at the meeting by the members of the Committee who shall not request for opinions which have not been expressed at the meeting be supplemented and recorded.

Article 28 The participants present at any meeting of the Committee shall have the obligation to keep confidential all matters discussed at such meeting and shall not disclose the information relating thereto without authorization.

CHAPTER 5 MISCELLANEOUS

Article 29 These Terms of Reference shall be implemented from the date of approval of the Board.

Article 30 These Terms of Reference shall be subject to the interpretation of the Audit Committee of the Board of the Company. Any matters not provided for in these Terms of Reference shall be handled in accordance with the provisions of the relevant laws, regulations, the Hong Kong Listing Rules, the Shanghai Listing Rules and the Articles.