QINGDAO PORT INTERNATIONAL CO., LTD.
TERMS OF REFERENCE OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

Chapter 1 General Provisions

Article 1 In order to improve the risk management, internal control and audit systems of Qingdao Port International Co., Ltd. (the "Company"), strengthen the effective supervision of the board of directors on the Company's risk management and internal control systems and audit on financial information, safeguard the interests of all the shareholders, the Audit Committee under the board of directors has been established and these Terms of Reference have been formulated in accordance with the relevant laws, regulations and regulatory documents such as the Company Law of the People's Republic of China, the Code of Corporate Governance for Listed Companies, the Measures for the Administration of Independent Directors of Listed Companies, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and other regulatory documents as well as the articles of association of Qingdao Port International Co., Ltd. (the "Articles of Association") and the rules of procedures for the board of Qingdao Port International Co., Ltd. (the "Rules of Procedures for the Board").

Article 2 The Audit Committee is a special committee under the board of directors and its principal duties are to review and supervise the construction and implementation of the Company's financial reporting system, risk management and internal control systems, conduct internal audit, implementation of the internal audit systems, make recommendations on the appointment of an external auditor and oversee its relationship with the Company, review the Company's financial information, and make judgments on the truthfulness, completeness and accuracy of the financial information.

Article 3 The Audit Committee shall be accountable to and report to the board of directors.

Chapter 2 Composition

Article 4 Members of the Audit Committee shall be at least three directors who are not the senior management of the Company, among whom a majority shall be independent directors, and the chairman should be an accounting professional among independent directors, who is in charge of convening and presiding the meetings of the Audit Committee and other work.

Members of the Audit Committee shall possess financial or legal expertise in line with their duties, and at least one member, who shall be an independent director, shall have appropriate professional qualifications in compliance with relevant regulatory requirements, or appropriate accounting or related financial management expertise and be in compliance with the requirements of the listing rules of the places where the shares of the Company are listed to the financial professionals of the Audit Committee.

A former partner of the Company's existing external auditor shall be prohibited from acting as a member of the Audit Committee for a period of two years from the date of his/her ceasing:

(1) to be a partner of the external auditing firm; or

(2) to have any financial interest in the external auditing firm, whichever is later.

Article 5 Members of the Audit Committee shall be nominated by the chairman of the board of directors, no less than half of all independent directors or no less than one-third of all directors and shall be subject to the approval of the board of directors.

Article 6 The election and removal of the chairman of the Audit Committee shall be decided by the board of directors.

Article 7 Members of the Audit Committee shall have the same term of office as the directors. A member of the Audit Committee may serve consecutive terms if re-elected upon the expiration of his/her term. If any member ceases to hold office as a director of the Company during the term, such director shall lose his/her position as a member of the Audit Committee accordingly. A member of the Audit Committee may submit resignation to the board of directors prior to the expiry of his/her term of office. Such resignation shall specify the reasons for the resignation and any matters which would require the attention of the board of directors. Changes to the members of the Audit Committee may be made during their terms of office as and when proposed by the chairman of the board of directors and approved by the board of directors after their discussion.

Article 8 Where a member of the Audit Committee fails to meet the provisions of Article 4 herein, the board of directors shall by means of announcement immediately give the details and reasons of such failure according to the requirements of the listing rules of the places where the shares of the Company are listed, and shall elect a new member in accordance with the provisions of Articles 4 herein to fill the vacancy within three months from the date of failing to meet those requirements. The term of office of the new member so elected shall terminate upon the expiry of such member's term of office as a director of the Company.

Chapter 3 Principal Duties

Article 9 The principal duties of the Audit Committee are as follows:

(1) to review the Company's material financial policies and their implementations, and supervise its financial operation;

(2) to review the Company's financial information and related disclosure:

1. to supervise the preparation, audit and disclosure of financial reports and other relevant works of the Company. The Audit Committee shall, in accordance with applicable accounting standards to the Company and relevant laws and regulations, review and analyze the compliance, risks and the relevant follow up measures in all the major stages varying from the preparation to the disclosure of financial reports of the Company. It shall maintain close communication with the management and the internal and external auditors (by way of meeting with the external auditor at least twice a year), to provide opinions and recommendations based on its review, and report to the board of directors;

2. to review the Company's financial statements, annual report and accounts, interim report and accounts, and other regular reports, agreed procedures and audit report and other relevant information of the Company; to review the significant opinions regarding financial report recorded in the financial statements and report; provide opinions on the completeness, accuracy and truthfulness of the preparation and disclosure of the financial reports of the Company;

3. in reviewing financial reports before submission to the board of directors, the Audit Committee shall focus particularly on: the basis of and any changes in the accounting policies, major accounting judgments; significant adjustments resulting from audit, going concern assumptions, any qualified opinions issued by the external auditors, compliance with accounting

standards and relevant requirements under laws, regulations and the listing rules of the places where the shares of the Company are listed in relation to financial reporting;

4. to review material or unusual events which are reflected or may need to be reflected in financial reports and accounts;

5. to properly consider all matters proposed by the responsible officers in charge of finance, accounting and compliance departments as well as by the external auditors.

(3) to supervise the Company's financial reporting system, risk management and internal control systems:

1. to review the Company's financial control, risk management and internal control systems;

2. to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems. The discussion shall include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions;

3. to consider major investigations findings on risk management and internal control matters and the management's response to these findings on its own initiative or as delegated by the board of directors;

4. where an internal audit function exists, to ensure co-ordination between the internal and external auditors; to ensure that the Company has sufficient resources to maintain operation of internal function with appropriate standing within the Company; and to review and monitor its effectiveness;

5. to review the financial and accounting policies and practices of the Company (including its controlling subsidiaries);

6. to review the "management letters" from external auditor, any material queries raised by the auditor to the management about accounting records, financial accounts or monitoring systems and the management's response;

7. to ensure that the board of directors will respond in a timely manner to the issues raised in the "management letter" from the external auditor;

8. to report to the board of directors on the matters as stipulated under the listing rules of the places where the shares of the Company are listed;

9. to consider other topics as defined by the board of directors.

(4) to monitor improprieties in respect of financial reporting and internal control of the Company:

1. to review the following arrangements made by the Company: the employees of the Company may report, in confidence, possible improprieties in financial reporting, internal control or other matters to the Audit Committee. The Audit Committee shall ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action by the Company;

2. to establish a whistle-blowing policy for employees of the Company and those who deal with the Company to raise concerns, in confidence, with the Audit Committee about improprieties in any matter related to the Company.

(5) to perform as the main representative of the Company to contact with the external auditors, and responsible for monitoring the relationship between the Company and the external auditors:

1. to be mainly responsible for offering recommendations to the board of directors on the appointment, re-appointment and removal of the external auditors, approving the terms of remuneration and appointment of the external auditors, resolving any problems related to the resignation or dismissal of the external auditors;

2. to review and monitor the independence, objectivity and the effectiveness of the audit procedures in accordance with applicable standards;

the Audit Committee shall discuss with the external auditors the nature, categories, plans, methods of the audit, major issues found in the audit and reporting obligations;

3. to monitor and evaluate whether external auditors are diligent and responsible;

4. to formulate and implement policies for the external auditors on providing non-audit service. In this regard, the external auditors include any institutions under the same control, ownership or management with the institution responsible for auditing, or any third party with a reasonable knowledge of all relevant information, or any institutions be regarded as a part of the local or international business of the institution responsible for auditing in any reasonable circumstances The Audit Committee shall report and make recommendations to the board of directors on any matters that require action or improvement.

(6) the following matters should be submitted to the board of directors for deliberation with the approval of a majority of all the members of the Audit Committee:

1. to disclose financial accounting reports, financial information in periodical reports and internal control evaluation reports;

2. to engage or dismiss the accounting firm providing audit services for the Company;

3. to engage or dismiss the financial officer of the Company;

4. to modify accounting policies and accounting estimations for reasons other than changes in accounting standards or to correct material accounting errors;

5. other matters provided by laws, administrative regulations, rules of China Securities Regulatory Commission and the Articles of Association.

(7) the Audit Committee shall be responsible for selecting and engaging the accounting firm and supervising the implementation of its audit work. The Audit Committee shall effectively perform the following duties:

1. to set the policies, procedures and relevant internal control systems for the selection and engagement of the accounting firm in accordance with the authorization from the board of directors;

2. to propose to launch the relevant work of selecting and engaging the accounting firm;

3. to deliberate the selection and engagement documents, determine the evaluation elements and specific scoring criteria, and supervise the selection and engagement process;

4. to put forward suggestion on the selection and engagement of the accounting firm and audit fees and to submit them to the decision-making authority for decision;

5. to supervise and evaluate the audit work of the accounting firm;

6. to submit the evaluation report on performance of the accounting firm engaged and the report on fulfillment of supervisory duties by the Audit Committee to the board of directors periodically (at least annually);

7. to be responsible for other matters concerning the selection and engagement of the accounting firm as authorized by the laws, regulations, the Articles of Association, and the board of directors.

(8) to formulate and review the Company's policies and practices on corporate governance and make recommendations to the board of directors;

(9) to review and monitor the training and continuous professional development of directors and senior management;

(10) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(11) to formulate, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors;

(12) to review the Company's compliance with the listing rules of the places where the shares of the Company are listed and disclosure in the Corporate Governance Code and Corporate Governance Report;

(13) to exercise the functions and powers of the supervisory committee stipulated by the Company Law of the People's Republic of China;

(14) to perform other duties as required by applicable laws, regulations, regulatory documents, relevant regulations of the securities regulatory authorities at the places where the Company's shares are listed, the Articles of Association and the Rules of Procedures for the Board, and authorized by the board of directors.

Article 10 Major duties and authorities of the chairman of the Audit Committee shall include:

(1) to call and preside over the meetings of the Audit Committee;

(2) to propose the convening of extraordinary meetings of the Audit Committee;

(3) to play a leading role in the Audit Committee to ensure an efficient operation of the Audit Committee and fulfillment of its duties;

(4) to ensure that each proposal discussed by the Audit Committee reaches a clear and definitive conclusion, including whether the proposal is passed, vetoed, or to be further discussed after supplemental materials are provided;

(5) to determine the agenda of each Audit Committee meeting;

(6) to ensure that all members present at the Audit Committee meeting know clearly about the matters to be discussed and have access to the complete and reliable information;

(7) other duties and authorities specified in these Terms of Reference.

Article 11 Major duties and authorities of the members of the Audit Committee shall include:

(1) to attend the meetings of the Audit Committee on time, express their views on the subject matters under discussion and exercise voting rights at the meetings;

(2) to propose matters for discussion at the meetings of the Audit Committee;

(3) to attend relevant meetings of the Company as non-voting delegates or visitors, to conduct surveys and researches to collect reports, documents, materials and other relevant information for the purpose of discharging their responsibilities;

(4) to fully understand the duties and responsibilities of the Audit Committee and those of himself/herself as a member of the Audit Committee, to acquaint themselves with relevant information on the operation and management, business activities and development of the Company to ensure his/her capacity for discharging duties and responsibilities;

(5) to fully ensure that each member has sufficient working hours and energy to fulfill his/her duties and responsibilities;

(6) other duties and authorities as specified in these Terms of Reference.

Article 12 The Audit Committee shall report the resolutions and proposals passed by them to the board of directors, unless the reporting of which is in conflict with the general duties and responsibilities of the Audit Committee, or could not be reported subject to the restriction of laws, regulations or regulatory requirements.

Chapter 4 Working System

Article 13 The department in charge of securities affairs of the Company is responsible for submission of the meeting materials, meeting preparations, resolutions implementation, supervision and feedback, and shall act as the point of contact and coordination between the Audit Committee and relevant departments of the Company which shall cooperate accordingly in this regard.

Article 14 The Audit Committee shall convene at least four regular meetings a year, which shall be convened quarterly. In principle, notice shall be given to all members three days prior to the meetings.

An extraordinary meeting shall be convened by the chairman of the Audit Committee within five days from the date of the occurrence of any of the following facts:

(1) proposed by the board of directors;

(2) proposed by the chairman of the Audit Committee;

(3) proposed by no less than two members of the Audit Committee.

The department in charge of securities affairs of the Company shall dispatch the meeting notice and the relevant meeting materials to all the members of the Audit Committee three days prior to the extraordinary meetings according to the instructions of the chairman of the Audit Committee in principle. The above-mentioned meeting materials shall be kept by the Company for at least ten years.

Article 15 Prior notice shall be given to all members and other persons attending the meeting. Contents of the notice shall generally include:

(1) the date and venue of the meeting;

(2) the duration of the meeting;

(3) the subject and agenda of the meeting;

(4) the issuance date of the notice.

Where meeting materials are dispatched later than the delivery of the notice, the Company shall provide sufficient time for the members to study the relevant materials.

Article 16 Meetings may be held by way of onsite meetings or written resolutions. Telephone conference or video conference systems may be provided for convenience of the members to attend onsite meetings. Members attending the meetings by such means shall be deemed to be present at the meeting.

Article 17 A meeting shall be convened and presided over by the chairman of the Audit Committee. Where the chairman fails to perform his/her duties, an independent director who is a member of the Audit Committee maybe appointed to perform his/her duties on his/her behalf.

Article 18 The quorum of a meeting shall be more than two-thirds of all members. Members shall attend the meeting in person. Where a member is unable to attend a meeting for any reason, he/she may appoint another member by a written power of attorney to attend the meeting on his/her behalf. The power of attorney shall set out the name of the proxy, the subject matters of representation, the scope of authorization and the valid period, with the signature or seal of the appointer and the proxy. A member shall be appointed by no more than one member. Independent director member who is unable to attend the meeting in person for any reason shall review the meeting materials in advance, form specific opinions, and appoint another independent director member to attend the meeting on his/her behalf.

Members attending the meeting as proxy for others shall submit the written power of attorney before the meeting and exercise their rights within the scope of authorization. Where a member appoints another member to attend the meeting on his/her behalf, the legal responsibility of the decision made by the appointee within the scope of authorization shall be borne by the appointer independently.

Article 19 Members of the Audit Committee who have interests in the subject matters of the meeting shall abstain from voting on such matters. Related matters which cannot form an effective consideration as a result of the abstaining of the members shall be directly considered by the board of directors.

Article 20 Voting in a meeting of the Audit Committee may be taken by a show of hands or open ballot. Each member shall have one vote. Where members cannot sign on the resolutions promptly at a telephone conference or video conference, they may give a voice vote and then sign a written vote as soon as possible provided that the content of the subsequent written vote must be identical to that of the voice vote given at the meeting. A resolution of the meeting must be passed by more than half of all members.

Article 21 If the Audit Committee deems necessary, it may invite directors, relevant senior management and relevant heads of departments of the Company who are not members of the Audit Committee to attend the meeting. Prior approval of the chairman of the Audit Committee shall be obtained for the list of such attendees.

Article 22 The Audit Committee shall keep full records for the minutes of the meeting, which shall be signed by members present at the meetings and the recorder. The opinions of independent director members shall be written in the meeting records, which shall be signed and confirmed by independent director members. Such records shall set down details of the subject matters and resolutions of the meeting, including any concerns and dissenting opinions expressed by each member. The first draft of the records shall be delivered to all members for review within five business days after the meeting. Members who request to make supplementary amendments to the records shall provide their comments in writing within three business days upon receipt of the records.

The final draft of the meeting records signed by all members attending the meeting shall be kept as permanent company archives in accordance with the archive management system of the Company.

The abovementioned records shall be made available for inspection within reasonable time by any director who has given reasonable notice.

Article 23 Members of the Audit Committee and other persons attending the meeting shall keep confidential all matters discussed at the meetings, unauthorized disclosure of relevant information is prohibited.

Article 24 The Audit Committee shall have sufficient resource to perform its duties. If necessary, the Audit Committee may request to engage external experts and intermediaries to provide independent professional advices on its decision-making, and the reasonable expenses thereof shall be borne by the Company.

Article 25 The Audit Committee shall maintain regular communications with the board of directors and the senior management. The senior management shall be responsible for timely providing sufficient and proper information for the Audit Committee to make informed decisions. The Audit Committee and its members may make further enquiries and have separate and independent access to the senior management where necessary.

Article 26 Members of the Audit Committee will be deemed unable to perform his/her duties if they fail to attend, in person or by proxy, any meetings of the committee twice a year. The board of directors shall make adjustment to the composition of the Audit Committee in accordance with these Terms of Reference.

Article 27 The department in charge of securities affairs of the Company and relevant departments of the Company shall cooperate with the Audit Committee to carry out the work of the Audit Committee.

Chapter 5 The Working Procedures of Annual Report by the Audit Committee

Article 28 The audit schedule for the annual financial report shall be determined through discussion between the Audit Committee and the accounting firm which is responsible for the Company's annual audit (the "Annual Audit Accounting Firm").

Article 29 The Audit Committee shall supervise the Annual Audit Accounting Firm to submit the audit report within the agreed time limit, and record the methods, frequency and results of such supervision in the form of written opinions, which shall be signed and confirmed by the relevant parties.

Article 30 The Audit Committee shall review the financial accounting statements prepared by the Company and provide feedback prior to the commencement of work by the certified public accountants for the annual audit.

The Audit Committee shall enhance communication with the certified public accountants for the annual audit after the commencement of their work. Upon the issuance of preliminary audit opinions by the certified public accountants for the annual audit, the Audit Committee shall conduct a further review of the Company's financial accounting statements and provide feedback. Aforesaid written opinions shall be signed and confirmed by the relevant parties.

Article 31 The communication, assessment opinions and suggestions between the Audit Committee and the Annual Audit Accounting Firm during the annual report preparation process shall be written documents and signed by the relevant parties.

Article 32 The members of the Audit Committee shall strictly comply with the relevant provisions of the China Securities Regulatory Commission and the Information Disclosure Management System of Qingdao Port International Co., Ltd. by undertaking their duty of confidentiality during the preparation period of the annual report. Prior to the publication of the annual report, they must not disclose any information relating to the annual report of the Company to external parties or specific individuals in any form or by any means; and they shall supervise the Annual Audit Accounting Firm and relevant personnel to fulfill their duty of confidentiality, rigorously prevent the occurrence of illegal violations such as the divulgence of inside information and inside trading.

Chapter 6 Supplementary Provisions

Article 33 References to “no less than” and “at least” herein shall each include the said number whereas “more than half” shall not include the said number.

Article 34 For any matters that are not covered herein, or in the case of any contradictions between these Terms of Reference and the provisions of the relevant laws, regulations, rules, listing rules of the places where the shares of the Company are listed, regulatory documents, the Articles of Association and the Rules of Procedures for the Board, the later shall prevail.

Article 35 The right of interpretation of these Terms of Reference shall be vested in the board of directors.

Article 36 These Terms of Reference shall be implemented upon the date of being considered and approved by the board of directors.

These Terms of Reference are written in Chinese. If there is any discrepancy between the Chinese version and the English version of the Terms of Reference, the Chinese version shall prevail.