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**Administrative Rules Governing Connected Transactions of  
COSCO SHIPPING Energy Transportation Co., Ltd.**

**Chapter 1 General Provisions**

**Article 1** These Rules are formulated in accordance with the laws, regulations, rules and governing documents of the Companies Law of the People's Republic of China, the Administrative Measures for Information Disclosure of Listed Companies issued by China Securities Regulatory Commission (hereinafter referred to as "CSRC"), the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (hereinafter referred to as the "SSE Listing Rules"), the Implementation Guidelines for Connected Transactions of Companies Listed on the Shanghai Stock Exchange (hereinafter referred to as the "Implementation Guidelines"), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Hong Kong Listing Rules"), Accounting Standards for Business Enterprises, Hong Kong Financial Reporting Standards and the relevant provisions of the Articles of Association of COSCO SHIPPING Energy Transportation Co., Ltd. (hereinafter referred to as the "Articles of Association"), with a view to govern the connected transactions conducted by COSCO SHIPPING Energy Transportation Co., Ltd. (hereinafter referred to as the "Company"), enhance the level of the Company's standardized operation and safeguard the lawful interests of the Company and all shareholders

**Article 2** These Rules apply to the Company and its subsidiaries.

The "subsidiaries of the Company" as used in these rules include:

- (1) the wholly-owned subsidiary of the Company;
- (2) companies, whose 50% or more stocks are directly or indirectly controlled by the Company;
- (3) company that is formed by the majority of the members of the board of directors of the Company;
- (4) other companies that are synthetically calculated in the audited consolidated accounts of the Company (or whose equity interests are synthetically calculated after completion of acquisition) in accordance with applicable financial accounting standards.

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**Article 3** As a company listed both in Hong Kong and Mainland China, the Company’s connected transactions management shall comply with the laws of the two regions and the relevant provisions of the Listing Rules of the Stock Exchange of Hong Kong Limited (hereinafter referred to as “SEHK”) and the Shanghai Stock Exchange (hereinafter referred to as the “SSE”). When there are inconsistencies between the laws or the Listing Rules of the two regions, the stricter set of rules shall be followed in implementation. In the event of any inconsistency or conflict between these Rules and any applicable laws and regulations or Listing Rules from time to time, the applicable laws and regulations and the Listing Rules shall prevail.

**Article 4** A connected transaction shall have set a fair price and appropriate procedures for decision-making with standardized information disclosure.

**Article 5** The shareholders’ general meetings and the Board of the Company shall manage the connected transactions in accordance with the requirements of the regulatory authorities and the relevant provisions of the Articles of Association.

The Audit Committee under the Board of the Company shall be liable for control and daily administration of the connected transactions of the Company, report to the Board and is accountable to the Board.

## **Chapter 2 Management of Connected Person**

**Article 6** The connected persons of the Company include connected natural person, connected legal person or other entities.

**Article 7** The connected persons of the Company include:

(1) the connected person as defined by domestic securities regulatory authorities (including CSRC and SSE, same as below), based on the Administrative Measures for Information Disclosure of Listed Companies, SSE Listing Rules and Implementation Guidelines issued by CSRC;

(2) the connected person as defined by Hong Kong Listing Rules.

The definition of the connected person above is subject to the latest regulations amended by the domestic and overseas securities regulatory authorities from time to time for specific details.

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**Article 8** The Audit Committee of the Board and the Board Office are responsible for confirming the connected persons of the Company and reporting to the Board of Directors and the Board of Supervisors.

Connected persons with reporting obligations should report their connections to the Audit Committee of the Board and the Board Office in a timely manner.

The Company shall declare and update promptly the list and information of connected persons of the Company to the securities regulatory authority.

### **Chapter 3 Definition and Classification of Connected Transaction**

**Article 9** The “connected transaction” referred to herein represent the transaction between the Company or its subsidiaries and the connected persons of the Company. Specifically speaking, it includes various transactions defined by the SSE Listing Rules and the Hong Kong Listing Rules as connected transactions

**Article 10** The connected transaction include the connected transaction with connected person as defined by domestic securities regulatory authorities, the connected transaction as defined by the Hong Kong Stock Exchange.

**Article 11** The connected transactions with the connected person as defined by domestic securities regulatory authorities are classified into the connected transaction required to be deliberated by the Board and disclosed promptly, the connected transaction required to be submitted to the shareholders’ general meeting for review and approval and disclosed promptly as well as other types of connected transactions.

**Article 12** The connected transactions as defined by the Hong Kong Listing Rules include the one-off connected transaction and the continuing connected transaction.

The continuing connected transaction is a connected transaction involving the provision of financial assistance or services or goods, which is expected to extend over a period of time on an ongoing or recurring basis. The continuing connected transaction is usually conducted in the ordinary and usual course of business.

**Article 13** The connected transaction as defined by the Hong Kong Listing Rules is categorized as:

- (i) the connected transaction exempted from the reporting, announcement and independent shareholders’ approval requirements (hereinafter referred to as the “fully-exempt connected transactions”);
- (ii) the connected transaction exempted from the independent shareholders’ approval, but is subject to the reporting and announcement requirements (hereinafter referred to as the “partially-exempt connected transactions”);

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- (iii) the continuing connected transaction exempted from the reporting, annual review, announcement and independent shareholders' approval requirements (hereinafter referred to as the "fully-exempt continuing connected transactions");
  - (iv) the continuing connected transaction exempted from the independent shareholders' approval, but is subject to the reporting, annual review and announcement requirements (hereinafter referred to as the "partially-exempt continuing connected transactions");
  - (v) the connected transaction does not fall within any of the categories set out in paragraphs (i) and (ii) (hereinafter referred to as the "non-exempt connected transactions"); and the continuing connected transaction does not fall within any of the categories set out in paragraphs (iii) and (iv) (hereinafter referred to as the "non-exempt continuing connected transactions").

#### **Chapter 4 Standards for Review and Disclosure of Connected Transactions**

##### **Article 14**

Standards for review and disclosure of the connected transaction with the connected person as defined by domestic securities regulatory authorities are as follows:

- (i) the connected transaction with the transaction amount of RMB0.3 million or above entered into between the Company and/or its subsidiaries and the connected natural person (other than provision of guarantees by the Company and/or its subsidiaries), or the connected transaction with the transaction amount of RMB3 million or above entered into between the Company and/or its subsidiaries and the connected legal person or other entities that accounts for 0.5% or more of the absolute value of the latest audited net assets of the Company (other than provision of guarantees by the Company and/or its subsidiaries) shall be submitted to the Board for deliberation and be disclosed in a timely manner.
- (ii) the connected transaction entered into between the Company and/or its subsidiaries and a connected person with the transaction amount of RMB30 million or above that accounts for 5% or more of the absolute value of the latest audited net assets of the Company (other than provision of guarantees by the Company and/or its subsidiaries, the receipt of donation of cash assets by the Company and/or its subsidiaries and the debts for the purpose of releasing the obligations of the Company only) shall be submitted to the Board and the shareholders' general meeting for consideration and disclosed timely.

Where the Company and/or its subsidiaries is intended to enter into a major connected transaction as described in paragraph (ii) above, it should provide with an audit and assessment report in respect of the subject matter of the transaction issued by a securities service agency qualified to carry out securities and futures

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related businesses. The subject matter involved in such connected transaction as conducted in the ordinary course of business as described in Chapter 7 of these Rules shall be exempt from audit or assessment.

- (iii) the guarantees provided by the Company or its subsidiaries, regardless of the amount, to the connected person shall be timely disclosed after review and approval by the Board and submitted to the shareholders' general meeting for deliberation.
- (iv) where the Company or its subsidiaries enters into a connected transaction in the category of "provision of financial assistance other than guarantees" or "entrusted asset management" with the connected person, the transaction amount shall be used as the standard for disclosure, and shall be aggregated in 12 consecutive months based on the transaction classification, and the provisions of paragraphs (i) and (ii) of this article shall apply.

The connected transactions, including (1) the transactions with the same connected person; and (2) the transactions with different connected persons below, based on the principle of accumulative calculation for consecutive 12 months, shall apply the provisions of paragraphs (i) and (ii) of this article accordingly.

The same connected person includes a person being under the direct or indirect control of the same legal person or other entity or natural person or having mutual equity control relationship, and a legal person or other entity in which the director or senior management is acted by the same connected natural person.

Any connected transaction for which the decision making process have been performed at a shareholders' general meeting in accordance with the accumulative calculation principle shall be excluded there from.

The Company shall not provide loans directly or through subsidiaries to directors, supervisors and senior management.

- (v) where the Company and/or its subsidiaries and the connected person establish a company in the manner of joint investment, the total amount contributed by the Company and/or its subsidiaries shall be deemed as the transaction amount and the provisions of paragraphs (i) and (ii) of this article shall apply accordingly.
- (vi) where the Company and/or its subsidiaries proposes to waive its capital increase right on a pro-rata basis or pre-emptive right over a company jointly invested with the connected person, the amount involved in waiving the capital increase right or pre-emptive right by the Company and/or its subsidiaries shall be deemed as the transaction amount and the provisions of paragraphs (i) and (ii) of this article shall apply accordingly.

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Where the Company and/or its subsidiaries' waiver of the capital increase right or pre-emptive right may result in changes of the scope of consolidated financial statements of the Company, the Company's latest closing total net assets corresponding to the Company and/or its subsidiaries' proposed waivers of the capital increase right or pre-emptive right shall be deemed as the transaction amount and the provisions of paragraphs (i) and (ii) of this article shall apply accordingly.

- (vii) the connected transactions which are not required to submit to the Board and shareholders' general meetings for consideration according to the laws, rules, governing documents and provisions above shall be finalized upon the approval of the general manager of the Company.

For transaction which comply with the relevant provisions, the Company may apply to the domestic securities regulatory authorities for exemption from review and disclosure requirements for connected transactions.

The specific review and disclosure standards above are subject to the latest revisions of the domestic securities regulatory authorities from time to time for specific details.

**Article 15** The partially-exempt connected transactions stipulated by Hong Kong Listing Rules shall be subject to the reporting, announcement and the approval of the Board; and the partially-exempt continuing connected transactions shall be subject to the reporting, annual review (if applicable), announcement and the approval of the Board.

The specific review and disclosure standards are subject to the latest revisions of the domestic securities regulatory authorities from time to time for specific details.

**Article 16** The Company shall comply with the requirements of the SEHK for the aggregation of connected transactions. If necessary, the Company can consult the SEHK on the above issues.

**Article 17** The Company shall determine the content of disclosure as required by relevant regulatory provisions, Accounting Standards for Business Enterprises and Hong Kong Financial Reporting Standards, and timely provide relevant materials to regulatory bodies as required.

#### **Chapter 5 Procedures for Review, Disclosure and Reporting of Connected Transaction**

**Article 18** The procedures for review, disclosure and reporting of connected transaction with the connected person as defined by domestic securities regulatory authorities are as follows:

- (i) any connected transaction subject to consideration by the Board and timely disclosure shall be approved in writing by more than half of the independent directors before it is reviewed by the audit committee of the Board and submitted

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to the Board for discussion. The independent directors shall express opinions in writing on the fairness of connected transactions and the implementation of the internal examination and approval procedure.

The independent directors may engage an independent financial adviser to issue a report to support their decisions.

- (ii) any major connected transaction subject to consideration and approval at the shareholders' general meeting shall provide an audit or assessment report in respect of the subject matter of the transaction issued by a securities service agency qualified to carry out securities and futures related business in accordance with the relevant requirements of the CSRC and the SSE. The subject matter involved in such connected transaction as conducted in the ordinary course of business shall be exempt from audit or assessment subject to the relevant requirements of the SSE.

The Company shall, in addition to disclosing the reason for the premium, allow its shareholders to participate in the shareholders' general meeting via online voting or other available channels and shall provide a profit forecast report on the assets proposed to be acquired issued by an accounting firm qualified to carry out securities and futures related business for any major connected transaction which proposes to acquire assets from a connected person at a price that exceeds 100% of the book value of the assets.

If the assets proposed to be acquired are valued and determined the price by discounted cash flow method, the differences between the actual profits and the projected profits and a special audit opinion issued by an accounting firm shall be disclosed in the annual reports for the three consecutive years after completion of the connected transaction. The audit committee of the Board shall give their opinions on the said connected transaction. The Company and/or its subsidiaries shall enter into a practicable indemnity agreement with the connected person to indemnify any shortfall of actual profits to the projected profits of the assets.

If the Company and/or its subsidiaries use the discounted cash flow method or assumed development method to value and determine the price of the assets proposed to be acquired, it shall disclose the relevant data in relation to the valuation by more than two valuation methods (including the methods above) and the independent directors shall opine on the independence of the valuer, the reasonableness of the valuation assumptions and the fairness of the appraised value.

- (iii) any connected transaction arising from any party of the Company and/or its subsidiaries and the connected person participating in public tender or public auction. The Company may apply to the SSE for waiver of review and disclosure of the connected transaction as required.

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- (iv) the Company may apply to the SSE for waiver of review and disclosure of a connected transaction as required if the connected transaction between the Company and/or its subsidiaries and the connected person in the ordinary course of business is conducted at a price determined by the government.
- (v) where the Company and/or its subsidiaries and the connected person are to establish a company through a joint investment with the amount as specified in Article 20(iii), and if all parties thereto make their investments in cash and determine their respective shareholdings in the Company in pro-rata, the Company may apply to the SSE for waiver of review of the transaction at the shareholders' general meeting.
- (vi) the transactions between the Company and/or its subsidiaries and the connected person below may be waived from review and disclosure as required for the connected transaction:
1. a party subscribes in cash for any shares, corporate bonds or enterprise bonds, convertible bonds or other derivatives available for public issue by the other party;
  2. a party, as the underwriter, underwrites any shares, corporate bonds or enterprise bonds, convertible bonds or other derivatives available for public issue by the other party;
  3. a party receives dividend, bonus or remuneration resolved by other party at its shareholders' general meeting;
  4. other transactions approved by the SSE.
- (vii) when financial assistance provided by the connected person to the Company and/or its subsidiaries, with an interest rate not more than the then benchmark lending rate announced by the People's Bank of China and which is free from any pledge or security provided by the Company and/or its subsidiaries, the Company may apply to the SSE for waiver of such financial assistance from review and disclosure as required for the connected transaction.
- Where the connected person provides the Company and/or its subsidiaries with a security and the Company and/or its subsidiaries do not provide any counter security, the preceding paragraph shall apply.
- (viii) where a natural person concurrently serves as an independent director of the Company and other legal person or entity in the absence of any other circumstances constituting a connected person relationship, if such legal person or entity enters into a transaction with the Company and/or its subsidiaries, the Company may apply to the SSE for waiver of such transaction from review and disclosure as required for the connected transaction.

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- (ix) where a connected transaction to be disclosed by the Company falls within the categories of State secret, trade secret or other circumstances recognized by the SSE and the disclosure thereof or performance of obligations relating thereto in accordance with these Rules may result in violation of the laws or regulations of confidentiality of the PRC or significant detriment to the interest of the Company and/or its subsidiaries, the Company may apply to SSE for exemption of such disclosure or performance of relevant obligations in accordance with these Rules.

**Article 19**

The procedures for review, disclosure and reporting of ordinary connected transaction with the connected person as defined by domestic securities regulatory authorities are as follows:

- (i) for the ordinary connected transaction conducted for the first time, the Company and/or its subsidiaries shall enter into written agreement with the connected person and make prompt disclosure, and submit the agreement to the Board or the shareholders' general meeting for consideration based on the total transaction amount involved. In the absence of such total transaction amount, the agreement shall be submitted to the shareholders' general meeting for consideration.
- (ii) where there are lots of ordinary connected transactions in various categories, the Company may make reasonable estimation on the total amount for the ordinary connected transactions to be conducted by the Company and its subsidiaries during the year by category before disclosure in the annual report for the previous year and submit the estimation to the Board or the shareholders' general meeting for consideration and disclose thereof.

The Company shall disclose the ordinary connected transactions that fall within the scope of such estimation in the annual report and interim report. Any excess of the total transaction amount over such estimation shall be re-submitted to the Board or the shareholders' general meeting for consideration and make disclosure based on the exceeded amount.

**Article 20**

The procedures for review, disclosure and reporting of the connected transactions with the connected person as defined by Hong Kong Listing Rules:

- (i) the fully-exempt connected transaction and fully-exempt continuing connected transaction shall be reviewed and approved according to the internal authorization procedures of the Company and reported to the Audit Committee of the Board for filing.
- (ii) the partially-exempt connected transaction and partially-exempt continuing connected transaction shall be reviewed and approved by the Board according to the procedures for review as set out in Article 24(I) of these Rules and are subject to reporting and announcement according to the requirements of the Hong Kong Listing Rules.

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- (iii) the non-exempt connected transaction and non-exempt continuing connected transaction shall be submitted to the shareholders' general meeting for review and approval. Before submitting to the shareholders' general meeting, the Independent Director Committee shall advise the shareholders as to whether the terms of such transaction or arrangement is fair and reasonable, whether such transaction is on normal commercial terms or better and is conducted in the ordinary and usual course of business of the listed issuer group; and whether such transaction or arrangement is in the interests of the issuer and its shareholders as a whole; and the independent financial advisor appointed by the Company which is acceptable to the Hong Kong Stock Exchange shall recommend to the Independent Director Committee and shareholders as to whether the terms of such transaction or arrangement is fair and reasonable and whether such transaction or arrangement is in the interests of the issuer and its shareholders as a whole and advise the shareholders on how to vote. The Company is subject to reporting and announcement, shareholders' circular and independent shareholders' approval according to the requirements of the Hong Kong Listing Rules.

**Article 21**

Where the Board, Audit Committee of the Board and independent directors review and express their opinions on a connected transaction, a director who has a connected relationship with the connected transaction (hereinafter referred to as "connected director") shall abstain from voting and shall not exercise any voting rights on behalf of other directors. The Board meeting may be held if more than half of the non-connected directors present. The resolutions of the board meeting shall be passed by more than half of non-connected directors. If less than three non-connected directors attended the Board meeting, such transaction shall be submitted to the shareholders' general meeting for consideration.

The connected directors include the following directors or any director falling within the scope of any of the following circumstances:

- (i) a counterparty;
- (ii) a person directly or indirectly controls the counterparty;
- (iii) a legal person or other entity who holds the office in the counterparty or can directly or indirectly controls the counterparty or is directly or indirectly controlled by the counterparty;
- (iv) a close family member of the counterparty or a party that directly or indirectly controls the counterparty;
- (v) a close family member of a director, supervisor or senior management of the counterparty or a party that directly or indirectly controls the counterparty;

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(vi) a director considered by any regulatory authority or the Company on basis of the principle of substance over form that its independent business judgment may be affected;

(vii) The director or any of his associates has a significant interest in the transaction.

**Article 22**

For the connected transaction that is subject to consideration at the shareholders' general meeting, the shareholders associated to such connected transaction (hereinafter referred to as "connected shareholders") shall abstain from voting and any shares with voting rights represented by them shall not be counted as total effective voting shares; and they may not exercise the voting right on behalf of other shareholders.

The connected shareholders include the following shareholders or any shareholder falling within the scope of any of the following circumstances:

(i) a counterparty;

(ii) a person directly or indirectly controls the counterparty;

(iii) a person directly or indirectly controlled by the counterparty;

(iv) a person under a direct or indirect common control of the same legal person or natural person with the counterparty;

(v) a member whose voting right is restricted and affected as a result of an outstanding share transfer agreement or other agreement with the counterparty or its connected person;

(vi) a member considered by the regulatory authorities that he or she is benefited from the Company's interests.

(vii) any shareholder who has a significant interest in the transaction ; or

(viii) relevant transactions that give a shareholder or his/her associates an interest (whether economic or otherwise) that is not available to other shareholders.

**Article 23**

The connected directors and connected shareholders shall abstain from voting and put to vote in accordance with the provisions of the regulatory authorities and relevant requirements of the Articles of Association.

**Article 24**

The supervisory committee shall oversee the review, voting, disclosure and performance of a connected transaction and shall express its view in the annual report.

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## **Chapter 6 Performance of Connected Transactions**

**Article 25** The Company and its subsidiaries shall enter into a written agreement with counterparty in relation to a connected transaction to the extent authorized in accordance with the approval conditions. A connected transaction agreement shall have principal terms, including pricing principle and basis, conditions and time for effective of the agreement and period for performance. Any individual may only represent one of the parties to enter into the agreement.

**Article 26** In case of any substantial changes to the principal terms of a connected transaction agreement in performance thereof or any renewal upon expiry thereof, the Company and/or its subsidiaries shall submit the amended or renewed connected transaction agreement to the competent authorities for approval.

**Article 27** If the term of the connected transaction agreement entered into with the connected person as defined by domestic securities regulatory authorities in the ordinary and usual course of business exceeds three years, it shall be subject to the relevant approval procedures and disclosure obligations every three years based on total transaction amount under the agreement.

The connected transaction agreement entered into in the ordinary and usual course of business shall include pricing policy and basis, transaction price, range of total transaction amount or determination method of total transaction amount, time and method of payment, and comparison with actual amount of similar connected transaction agreements entered into in the ordinary and usual course of business over the past three years.

In case of any substantial changes to the principal terms of a connected transaction agreement entered into in the ordinary and usual course of business in performance thereof or any renewal upon expiry thereof, the Company and/or its subsidiaries shall submit the amended or renewed agreement to the Board or shareholders' general meeting for approval based on total transaction amount under the agreement and disclose in a timely manner. Any agreement without stating the total transaction amount shall be submitted to the shareholders' general meeting for review and approval and disclosed in a timely manner.

**Article 28** In case of partially-exempt continuing connected transactions and non-exempt continuing connected transactions entered into with a connected person as defined by Hong Kong Stock Exchange, the Company and/or its subsidiaries must enter into a written agreement in respect of the continuing connected transactions with the counterparty. The agreement must set out the basis of the calculation of the payments to be made. The period for the agreement must be fixed and reflect normal commercial terms and, except in special circumstances, must not exceed 3 years.

The Company and its subsidiaries shall, in respect of each connected transaction, set a maximum aggregate annual transaction amount and specify its calculation basis.

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When a connected person no longer meets the conditions of waiver, the Company shall comply with all applicable reporting, annual review, announcement and independent shareholders' approval requirements for its subsequent continuing connected transactions with the connected person, unless as otherwise provided by Hong Kong Stock Exchange.

**Article 29**

The pricing policy of the connected transactions shall be set out in the connected transaction agreement. If there is any material change to the key terms of the connected transaction, such as the transaction price, the Company shall carry out the review and approval procedures again based on the revised transaction amount.

The pricing of a connected transaction shall be fair and conducted by reference to the following principles:

- (i) if a government-set price is applicable to the subject matter of the transaction, such price may be adopted directly;
- (ii) if a government guidance price is applicable to the subject matter of the transaction, the price for the transaction may be set reasonably within the range of the government guidance price;
- (iii) if in addition to the government-set price or government guidance price, there is an independent third-party market price or charging rate that is comparable, such price or rate may be used as a priority reference for the pricing of the transaction;
- (iv) if there is no comparable independent third-party market price applicable to the subject matter of the connected transaction, the price at which the connected person enters into a non-connected transaction with a third party independent of the connected person may be used as reference for the pricing of the transaction;
- (v) if no independent third-party market price or price for independent non-connected transaction is available for reference, a composition price may be set on the basis of a reasonable price, which is made up of a reasonable cost plus a reasonable profit.

Where a connected transaction fails to determine the price as defined by the above principles and methods, the principles and methods for determining the price of the connected transaction shall be disclosed and the fairness of such pricing shall be stated.

**Article 30**

The Company shall not engage an accounting firm controlled by a connected person to provide audit services to the Company.

**Article 31**

The Company and its subsidiaries shall collect and verify any information relating to the management of connected transactions including information of shareholders and the ultimate controller of the counterparty and their equity investments.

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## Chapter 7 The Supervision of Connected Transactions

- Article 32** The Company shall make statistics on the actual performance of continuing connected transactions and report to the Audit Committee of the Board on a regular basis to prevent the cumulative transaction amount of a continuing connected transaction (including daily connected transactions defined by domestic regulatory authorities and continuing connected transactions defined by the HKSE) agreement from exceeding the approved upper limit.
- Article 33** The audit committee of the Board shall provide the Board every year with a special report on the implementation of the administrative rules governing connected transactions, the operation of the audit committee of the Board and the connected transactions entered into during that year.
- Article 34** With regard to the partially-exempted continuing connected transactions and non-exempted continuing connected transactions, each year the independent directors of the Company shall review those continuing connected transactions and confirm in the annual report and accounts that the transactions have been entered into:
- (1) in the ordinary and usual course of business of the Company;
  - (2) either on normal commercial terms or better, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and
  - (3) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.
- Article 35** With regard to the partially-exempted continuing connected transactions and non-exempted continuing connected transactions, each year the auditors shall provide a letter to the Company's Board (with a copy provided to the Hong Kong Stock Exchange at least 10 business days prior to the bulk printing of the Company's annual report), confirming that the transactions:
- (I) have been granted approval by the Board of the Company;
  - (II) are made in accordance with the pricing policies of the Company if the transactions involve provision of goods or services by the Company;
  - (III) have been entered into in accordance with the relevant agreement governing the transactions; and
  - (IV) have not exceeded the cap disclosed in previous announcement(s).

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**Article 36** The Company should cooperate with the external auditor to do the audit, spot check, statistics and other work of the previous year's data on the continuing connected transactions. After the completion of the annual financial settlement, the external auditor reports to the Company the actual amount of each of the continuing connected transaction agreements in the previous year and issues a letter of comfort to the results of the Company's continuing connected transaction agreement.

**Article 37** The Company shall, based on the connected transaction data audited by the auditors, in accordance with the actual occurrence of the annual connected transactions, and in accordance with the requirements of the regulatory authorities of the two regions, prepare the disclosures of the connected transactions and the continuing connected transactions in the annual report of the Company. Disclosure after the completion of the annual report approval process.

**Article 38** Where any of the Company or its subsidiaries, connected persons or relevant obligors violates any provisions of these Rules, any relevant liable person will be inquired into and claimed against in accordance with the laws, regulations, and other regulatory documents.

#### **Chapter 8 Supplementary Provisions**

**Article 39** Unless otherwise expressly stated herein, the "general meeting", the "Board", the "supervisory committee", the "audit committee of the Board" and the "senior management" referred to in these Rules represent the general meeting, the Board, the supervisory committee, the audit committee of the Board and the senior management of COSCO SHIPPING Energy Transportation Co., Ltd. respectively.

The "independent shareholders" referred to in these Rules represent those shareholders of COSCO SHIPPING Energy who are not required to abstain from voting in relation to approval of a particular connected transaction at the general meeting.

The "net assets" referred to in these Rules represent the net assets attributable to the ordinary shareholders of the Company as at the end of the period, excluding the amount attributable to minority interests.

"Above" referred to in these Rules includes the current number, while "less than" or "within" do not include the current number.

**Article 40** Any matters which are not covered by these Rules shall be implemented in accordance with the requirements of the relevant PRC laws, regulations, rules, regulatory documents, requirements of the securities regulatory authorities located in where the Company's securities listed and the Articles of Association.

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In the event of any discrepancies between these Rules and any laws, regulations, rules or regulatory documents promulgated by the state or requirements of the securities regulatory authorities located in where the Company's securities listed or the Articles duly amended upon legal procedures in the future, the requirements of the relevant state laws, regulations, rules, regulatory documents, requirements of the securities regulatory authorities located in where the Company's securities listed and the Articles of Association shall prevail, and these Rules shall be amended accordingly in a timely manner and submitted to the general meeting for consideration and approval.

In the event of any discrepancies between these Rules and any provisions relating to connected persons and connected transactions under the relevant rules, other than the Articles of Association, issued by the Company before these Rules coming into effect, these Rules shall prevail.

**Article 41** The management of the Company may formulate detailed implementation rules for the administration of connected persons and connected transactions based on these Rules, and submit such rules to the audit committee of the Board for filing purpose.

**Article 42** These Rules shall be interpreted and amended by the Board of the Company.

**Article 43** These Rules shall come into effect and be implemented from the date on which they are considered and approved at the general meeting of the Company.