

RULES AND PROCEDURES ON INDEPENDENT NON-EXECUTIVE DIRECTORS' WORK OF COSCO SHIPPING ENERGY TRANSPORTATION CO., LTD.

(Revised by the board of directors of the Company on 30 October 2019)

To further improve the corporate governance and board structure of China Shipping Development Co., Ltd. ("the Company"), strengthen the constraints and supervision mechanism of inside directors and management staff, maintain the rights and interests of small and medium shareholders and interested parties and promote the regulated operation of the Company, these Regulations are formulated pursuant to Company Law of the People's Republic of China ("Company Law"), Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules of SEHK"), Stock Listing Rules of Shanghai Stock Exchange ("Listing Rules of SSE"), Guidance Opinions Regarding the Establishment of the System of Independent Directors issued by China Securities Regulatory Committee ("Guidance Opinions"), Standards for the Governance of Listed Companies, Guideline of Shanghai Stock Exchange for Independent Director Registration and Training for Listed Companies and Articles of Association.

Article 1 "Independent directors, also known as independent outside directors and independent non-executive directors, are directors who do not hold any positions in the Company other than as director, do not maintain with the Company and its substantial shareholders (shareholders severally or jointly holding more than 5% voting shares of the Company) a connection which may possibly hamper their independent and objective judgments, and comply with the independence provision of the rules of the stock exchange with which the Company is listed.

Article 2 Independent directors shall have the qualifications required to perform their duties and meet the following basic conditions:

- (I) With qualifications required to be a director of listed companies according to laws and regulations; Where an independent director candidate fails to obtain the qualification required before nomination, he shall undertake in writing to participate in the soonest qualification training for independent directors and receive the qualifications.
- (II) Meeting the independence requirements as stated in Article 3 of these Regulations;
- (III) With basic knowledge on the operation of listed companies and familiar with the relevant laws, administrative regulations and rules;
- (IV) With more than five years' experience in legal and economic work or other work required for fulfilling duties as independent director;

(V) Other conditions specified in the Articles of Association.

Article 3

Independent directors must be independent. The following persons shall not serve as independent director:

- (I) Persons employed by the Company or its subsidiaries and their immediate family members and major social connections (immediate family members shall include spouse, parents and issues and major social connections shall include siblings, parents-in-law, sons/daughters-in-law, spouses of siblings, siblings of spouse);
- (II) Natural person shareholders and their immediate family members who directly or indirectly hold 1% or more of the Company's issued shares or who are top ten shareholders of the Company;
- (III) Persons and their immediate family members employed by the shareholder entities which directly or indirectly holds 5% or more of the Company's issued shares or which are top five shareholder entities of the Company;
- (IV) Persons employed by the actual controllers of the listed company and its subsidiaries;
- (V) Persons providing financial, legal or consulting services to the listed company and its controlling shareholders or its subsidiaries, including all the members of the project team of intermediaries, reviewing officers at all levels, persons signing the report, partners and principal officers in charge;
- (VI) Persons serving as directors, supervisors or senior executives in the companies which have significant relations with the listed company and its controlling shareholders or its subsidiaries, or persons serving as directors, supervisors or senior executives in the controlling shareholder entities of the said companies;
- (VII) Persons who belonged to categories (I) to (VI) within the preceding year;
- (VIII) Persons stipulated in the Articles of Association and determined by the SSE and SEHK.

Article 4

The nomination, election and replacement of independent directors shall be made in accordance with the laws and regulations:

- (I) Board of Directors, Supervisory Committee and shareholder(s) severally or jointly holding more than 1% of total shares issued by the Company may nominate independent directors candidates and submit the data to SSE in accordance with relevant provisions of the SSE for review of the qualifications

of the independent director candidates. Where SSE has no objection to the nominations of independent director candidates, the listed company may perform its decision-making procedures and elect independent directors at a general meeting, provided that no objection is received after notifying the HKSE.

- (II) The party nominating any independent director candidate shall have obtained the nominee's consent prior to the nomination. The person nominating candidate for independent director shall fully understand the occupation, academic qualification, title and detailed working experience including all part-time jobs of the candidate and give opinion on his qualification and independence to act an independent director. The candidate for independent directorship shall make an announcement as to the absence of any relationship between the Company and him which may possibly affect his independent and objective judgment. Before the general meeting is convened for election of independent directors, the Board shall announce the above in accordance with the relevant requirements. Before the general meeting for the election of independent directors, if the governing laws, regulations and/or the relevant listing rules have relevant provisions, the Company shall pursuant to the said provisions submit the relevant documents concerning the nominee to the securities regulatory authority of the State Council and/or its local office and the stock exchange with which the Company's shares are listed. If the Board disputes the particulars pertaining to the nominee, the written opinions of the Board shall also be submitted. If the securities regulatory authority under the State Council or the relevant stock exchange opposes to the nomination of any candidate, such candidate may not be included as an independent director candidate. When a general meeting is convened to elect independent directors, the Board shall make a statement on whether the securities regulatory authority under the State Council objects to the nominations.
- (III) The Company shall disclose detailed information relating to the director candidates prior to the general meeting to ensure sufficient understanding of the candidates by shareholders.
- (IV) The term of office for independent directors is the same as other directors, and the term is renewable upon re-election when it expires, but the renewed term shall not exceed six years.
- (V) If any independent director has not attended Board meetings in person for two times consecutively, the Board shall propose to the general meeting to replace the said independent director. Unless in the above circumstances and in circumstances as specified in Company Law where a person is prohibited from acting as a director, no independent director shall be removed before his term of office expires without cause. In case of early removal, the Company shall

disclose it by way of special disclosure. If the removed independent director considers that he is removed by the Company improperly, he may make an open declaration.

(VI) An independent director may resign before his term of office expires. Where any circumstance arises in which an independent director holding office becomes unqualified as independent director in accordance with laws and regulations, the said independent director shall resign within 30 days from the date on which the said circumstance arises. Where the said independent director does not resign as required, the Board of the listed company shall within 2 days start the decision-making procedures and remove him as independent director. In resigning his duties, an independent director shall tender a resignation to the Board in writing and specify any matter which is related to his resignation or which he considers necessary to bring to the attention of the Company's shareholders and creditors, and provide personal particulars required to be provided to the Company and the HKSE in accordance with the requirements of the Listing Rules of the HKSE. If the percentage of independent directors of the Board falls below the minimum requirement of the Guidance Opinions as a result of resignation of any independent director, such resignation shall not become effective until the vacancy resulting from such resignation is filled up by a succeeding independent director.

(VII) If any independent director does not meet the condition of independence or has any other circumstance disqualifying him as independent director, so that the number of independent directors of the Supervisory Committee falls short of the quorum as specified in Guidance Opinions and Listing Rules of SEHK, the Company shall supplement independent directors pursuant to relevant regulations and notify to the SSE and HKSE, making announcements correspondingly.

Article 5 The role of independent directors of the Company shall be adequately activated.

(I) In order to give full play to the functions of independent directors, independent directors shall have the following special functions and powers other than those stipulated in the Company Law and other relevant laws and regulations:

1. Where a planned connected transaction between the Company and a connected legal person involves more than RMB30,000,000 and accounts for more than 5% of the latest audited net assets of the Company, the said connected transaction shall first be approved by independent directors and then considered by the Board; a resolution on the Company's related transaction shall not be valid unless it is signed by

the independent directors; before making a judgment, the independent directors may appoint an intermediary to provide independent financial and advisory reports as a basis for their judgment.

2. to propose to the Board for appointment or dismissal of accounting firm;
3. to propose to convene an extraordinary general meeting;
4. to propose to convene a Board meeting;
5. to independently appoint external audit and consulting institutions;
6. to openly collect voting rights from shareholders before a general meeting is held;
7. to directly report to the general meeting, CSRC and other relevant authorities.

(II) Independent directors shall seek the consent of more than half of all the independent directors before exercising the above powers. More than half of the independent directors may exercise the powers under (III) above.

(III) If the above proposals are not adopted or the above powers cannot be exercised normally, the Company shall report the relevant information to the Board.

(IV) If the Board of the Company sets Remuneration and Evaluation Committee, Audit Committee, Nomination Committee and Risk Control Committee, the majority of the memberships of the said committees shall be independent directors.

(V) The independent non-executive directors of the Company must review the continuing connected transactions (as defined under the Listing Rules of the Stock Exchange) every year and confirm in the annual report whether the transactions have been entered into:

1. in the ordinary and usual course of business of the Company and its subsidiaries;
2. on normal commercial terms or better; and
3. in accordance with the agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

(VI) If the connected transactions (as defined in the Listing Rules of the Stock Exchange) must be approved by the shareholders in accordance with the Listing Rules of the Stock Exchange, the Company must form an independent board committee and appoint an independent financial adviser pursuant to the Listing Rules of the Stock Exchange. The independent board committee must consist only of independent non-executive directors who do not have a material interest in the transaction. The independent board committee, having taken into account the advice of the independent financial adviser, shall advise on the following matters to the shareholders of the Company:

1. whether the terms of the connected transactions are fair and reasonable;
2. whether the connected transactions are in the ordinary and usual course of business of the Company and its subsidiaries and on normal commercial terms or better;
3. whether the connected transactions are in the interests of the Company and its shareholders as a whole; and
4. how to vote for the connected transactions.

Article 6 Independent directors shall provide the Board with independent opinions on the following matters:

(I) Independent directors shall, in addition to fulfilling the aforesaid duties, provide the Board or general meeting with independent opinions on the following matters:

1. nomination, appointment and dismissal of directors;
2. appointment or dismissal of senior executives;
3. remunerations of directors and senior executives of the Company;
4. existing or new transactions totaling more than RMB3,000,000 between the shareholders, effective controllers and connected enterprises and the Company or loan exceeding 5% of the latest audited net assets or other financial transaction, and whether the Company has taken effective measures to collect outstanding receivables;
5. profit distribution proposal of the Company;
6. matters which independent directors deem likely to damage the equity of small and medium shareholders;

7. other matters specified in the Articles of Association and relevant listing rules of the place where the shares of the Company are listed.

- (II) Independent directors shall express one of the following types of opinions on the aforesaid issues: agreement; qualified opinion and reason therefor; objection and reason therefor; inability to express opinion and reason therefor.

If the independent directors are of divergent views and cannot reach a consensus, the Board shall report the respective opinions of each of the independent directors to the Board.

Article 7 Independent directors owe the Company and all the shareholders thereof the obligation of honesty and diligence, and shall, pursuant to the relevant laws, regulations and the Articles of Association, diligently perform their duties and protect the interests of the Company as a whole, in particular the legitimate rights and interests of the minority shareholders. Independent directors shall perform duties independently and shall not be influenced by the Company's major shareholders, effective controllers or other units or persons having interest relations with the Company.

Article 8 In order to ensure that the independent directors shall perform their duties effectively, the Company shall provide them with necessary conditions.

- (I) The Company shall ensure that the independent directors have the same right to know as other directors. In respect of any issue to be decided by the Board, the Company shall inform the independent directors in advance before the specified deadline and provide adequate documents. Where any independent director deems the documents as inadequate, he can require supplementation. Where 2 or more independent directors are of the opinion that the information provided is insufficient or unclear, they may make a joint written proposal to the Board to postpone the holding of the Board meeting or postpone consideration of the issues, and the Board shall adopt such a proposal.

The Company and the independent directors shall keep the documents provided by the Company for at least 5 years.

- (II) The Company shall provide the independent directors with necessary working conditions for fulfilling duties. The Secretary of the Board shall actively provide assistance for independent directors in fulfilling duties, for example, information description and document provision.

- (III) When the independent directors are performing their duties, relevant persons of the Company shall actively support and shall not refuse, hinder or conceal or interfere in their independent performance of duties.

- (IV) The expenses for intermediaries appointed by the independent directors and other expenses for performing duties shall be borne by the Company.
- (V) The Company shall provide appropriate allowances to independent directors. Allowance standards shall be subject to pre-arranged planning formulated by the Board, consideration and approval of the general meeting and disclosure in the annual report of the Company.

Other than that, independent directors shall not obtain any other additional interests which are not disclosed from the Company and its substantial shareholders or other interested institutions and persons.

- (VI) The Company can establish necessary liability insurance systems for independent directors to reduce the possible risks arising from the normal duty performance of independent directors.

Article 9 These Regulations shall be subject to the formulation and interpretation of the Board.

Article 10 Any matters not covered in these Regulations shall be subject to relevant national laws and regulations, the listing rules of the place where the shares of the Company are listed and the Articles of Association. If these Regulations are inconsistent with the laws and regulations issued by the State in the future, the listing rules of the place where the shares of the Company are listed or the Articles of Association after being revised by legal procedures, it shall be implemented in accordance with the provisions of relevant national laws and regulations, the listing rules of the place where the shares of the Company are listed and the Articles of Association, and shall be revised immediately and submitted to the Board for consideration and approval.