

Please note that the Rules and Procedures of Meetings of the Supervisory Committee are written in Chinese without an official English version. This English version is for reference only. In case of any inconsistency, the Chinese version shall prevail.

COSCO SHIPPING ENERGY Transportation Co.,Ltd.

Rules and Procedures of Meetings of the Supervisory Committee

Considered and Approved by the Second Extraordinary General Meeting Held in 2019

Chapter 1 General Provisions

- Article 1 To further regulate the rules of procedure and decision-making of the Supervisory Committee of China Shipping Development Co., Ltd. (“the Company”), make the supervisors and the Supervisory Committee effectively perform their supervisory duties, and improve the governance structure of the Company, these Rules are formulated pursuant to Company Law of the People’s Republic of China (Company Law), Securities Law of the People’s Republic of China, Standards for the Governance of Listed Companies, Articles of Association of China Shipping Development Co., Ltd. (“Articles of Association”) and relevant listing rules of the place where the shares of the Company are listed.
- Article 2 The Supervisory Committee of the Company shall be accountable and report to the general meeting. The Supervisory Committee shall supervise the financial operations of the Company and the legality of the fulfillment of duties of the Company’s directors, general manager and other senior executives to protect the legitimate rights and interests of the Company and its shareholders.
- Article 3 The Company shall take measures to guarantee the supervisors’ right to know and responsibly provide the supervisors with necessary information to enable the Supervisory Committee to effectively supervise, inspect and evaluate the financial position and operations management of the Company. All the supervisors may attend Board meetings without voting rights and if necessary, attend meetings of the general manager’s office without voting rights.
- Article 4 The supervisory records of the Supervisory Committee and the results of financial inspections or other special inspections shall be important basis for evaluating the performance of directors, general manager and other senior executives.
- Article 5 The general manager shall, as required by the Supervisory Committee, report to the Supervisory Committee on the conclusion and performance of important contracts, the use of funds, and losses and profits of the Company. The general manager shall undertake that such report is true to the fact.

Chapter 2 Composition and Office of the Supervisory Committee

Article 6 The Supervisory Committee of the Company consists of three to nine supervisors. The Supervisory Committee shall have one chairman. The chairman of the Supervisory Committee shall be elected by the votes of more than two thirds of the members of the Supervisory Committee.

The Supervisory Committee shall comprise shareholder representatives and an appropriate proportion of employee representatives of the Company, which proportion shall not be lower than 1/3 or higher than 1/2. The employee representatives in the Supervisory Committee shall be elected democratically at employee representatives' meetings, employees' meetings or in other forms.

Directors, general manager, other senior executives and financial director of the Company shall not serve as supervisors.

Article 7 A supervisor shall serve a term of three years, and may seek re-election upon expiry of the said term. Shareholder supervisors shall be elected or replaced at general meetings, and employee representative supervisors shall be elected or removed through democratic election by the employees of the Company.

Article 8 A supervisor may tender a resignation before expiry of his term of office. In resigning his duties, a supervisor shall tender a written resignation to the Supervisory Committee.

If the term of office of a supervisor expires but re-election is not made responsively or if any supervisor resigns during his term of office so that the membership of the Supervisory Committee falls short of the quorum, the said supervisor shall continue fulfilling the duties as supervisor pursuant to relevant laws, administrative regulations and the Articles of Association until a new supervisor is elected.

Article 9 Apart from complying with qualifications stipulated in Company Law, Articles of Association and relevant listing rules of the place where the shares of the Company are listed, a supervisor shall also have professional knowledge and working experience in such areas as law, accounting, auditing and macro economy.

Article 10 The Supervisory Committee shall set an office for handling the daily affairs of the Supervisory Committee.

Article 11 The chairman of the Supervisory Committee may appoint financing and auditing staff or other staff to help handle the daily affairs of the Supervisory Committee provided that such appointment does not conflict with the duties specified in the Articles of Association.

Chapter 3 Functions and Powers of the Supervisory Committee

Article 12 The Supervisory Committee shall exercise the following functions and powers according to law:

- (I) to examine the regular reports of the Company prepared by the Board and produce written opinions thereon;
- (II) to review the financial affairs of the Company;
- (III) to supervise the work of the directors and senior executives, and propose dismissal of directors and senior executives who have violated laws, administrative rules, the Articles of Association or the resolutions of general meetings;
- (IV) if any act of the directors, general manager, and other senior executives damages the interests of the Company, to require them to rectify such act accordingly;
- (V) to present motions to general meetings;
- (VI) to propose the convening of extraordinary general meetings and, in case the Board does not perform the obligations to convene and preside over the general meetings in accordance with Company Law, to convene and preside the general meetings;
- (VII) to propose to convene a provisional Board meeting;
- (VIII) to elect chairman of the Supervisory Committee;
- (IX) to initiate legal proceedings against the directors or senior management personnel in accordance with Company Law;
- (X) if there are any unusual circumstances in the Company's operations, to conduct investigation, and, if necessary, to engage an accounting firm, law firm or other professionals to assist in their work at the costs of the Company;
- (XI) to exercise other functions and powers stipulated by laws, regulations and the Articles of Association.

Article 13 The Supervisory Committee usually inspects the Company for one to two times regularly every year, and may irregularly carry out special inspections on the Company in light of actual needs.

Article 14 The Supervisory Committee may carry out inspections as follows:

- i) listen to reports relating to the financial and asset positions and operations management, and convene meetings relating to the inspection matters;
- ii) refer to financial and accounting documents like financial reports, accounting vouchers and accounting books, and other materials relating to business operations;
- iii) check up relevant financial and asset positions, and make explanations to relevant person in charge if necessary;
- iv) inquire auditing department etc fulfilling supervisory duty on the Company about the financial position and business operations of the Company.

The Company shall regularly and promptly send the Supervisory Committee the financial and accounting reports, economic activity analysis reports, internal audit reports and relevant documents.

Article 15 The Supervisory Committee shall, upon completion of inspection on the Company each time, promptly write an inspection report which shall be subject to discussion among members of the Supervisory Committee and then be signed by the chairman of the Supervisory Committee, and if necessary, be submitted to the general meeting for consideration.

Article 16 At an annual general meeting, the Supervisory Committee shall read the special reports relating to supervision on the Company in the previous year, including:

- i) verification of the financial position of the Company;
- ii) implementation of relevant laws, regulations, the Articles of Association and resolutions of the general meeting by directors, general manager and other senior executives of the Company;
- iii) the Supervisory Committee's evaluation on the integrity and diligence of the directors, general manager and other senior executives of the Company in performing their duties;
- iv) other material events to be reported to the general meeting as deemed necessary by the Supervisory Committee.

The Supervisory Committee may, if it thinks necessary, comment on motions reviewed by the general meeting, and file an independent report accordingly.

Article 17 To excise its powers, the Supervisory Committee shall have the right to freely engage lawyers, certified public accountants and practicing auditors to provide professional assistance at reasonable expenses which shall be borne by the Company.

Reasonable expenses of supervisors for daily work and attendance in meetings of the Supervisory Committee shall be borne by the Company. The said expenses cover traffic fees from the location of the supervisors to the venue (not the same as the location of the supervisors) of the meeting, room and board fees and local traffic fees during the meeting.

Article 18 The chairman of the Supervisory Committee shall exercise the following functions and powers:

- i) to convene and preside over meetings of the Supervisory Committee;
- ii) to organize fulfillment of the duties of the Supervisory Committee;
- iii) to review and sign the report and other important documents of the Supervisory Committee;
- iv) to report, on behalf of the Supervisory Committee, to the general meeting on its work;
- v) to fulfill other duties according to law or as specified in the Articles;

Where the chairman of the Supervisory Committee cannot or does not fulfill the duty thereof, more than half of the supervisors may elect a supervisor to convene and preside over the meetings of the Supervisory Committee.

Article 19 Where, in performing its supervisory duty, the Supervisory Committee discovers any non-compliance in the financial operations of the Company or any act committed by any director, general manager or other senior executive against the laws, regulations or Articles of Association, the Committee may report to the Board or general meeting, or report directly to the securities regulatory authority of the State Council or other relevant authority.

Article 20 Supervisors shall observe laws, administrative regulations and the Articles of Association, and fulfill the obligation of integrity and diligence.

Article 21 The other departments of the Company shall support the work and normal operation of the Supervisory Committee. The Company shall formulate specific methods, procedures, etc. for the relevant functional departments and staff to support the work of the Supervisory Committee.

Chapter 4 Proceedings of Meetings of Supervisory Committee

Section 1 Regular and Provisional Meetings of the Supervisory Committee

Article 22 Meetings of the Supervisory Committee include regular meetings and provisional meetings.

Article 23 Regular meetings of the Supervisory Committee shall be held once every 6 months. In any of the following circumstances, the Supervisory Committee shall hold a provisional meeting within 10 days:

- i) if the chairman of the Supervisory Committee deems necessary;
- ii) jointly proposed by more than two thirds of the supervisors;
- iii) if there has been or is significant loss of assets of the Company and the interests of the shareholders are harmed;
- iv) if any directors, general manager and other senior executives of the Company violate relevant laws, regulations or the Articles of Association or seriously harm the interests of the Company;
- v) if the securities regulatory authority requires holding such a meeting; and
- vi) if any other circumstance so specified in the Articles of Association occurs.

Section 2 Motions to Regular Meetings

Article 24 Before sending the notice of regular meeting of the Supervisory Committee, the office of the Supervisory Committee shall collect proposals from all the supervisors and shall spend at least two days seeking opinions from the staff of the Company. In collecting proposals and seeking opinions, the office of the Supervisory Committee shall state that the Supervisory Committee focuses on supervising the operations of the Company and the conduct of the directors and senior executives, not on making decisions on the operations and management of the Company.

Section 3 Procedure for Proposing Provisional Meetings

Article 25 Any proposal of any supervisor for convening a provisional meeting of the Supervisory Committee shall be made in written form, affixed with the signature of the said supervisor and submitted via the office of the Supervisory Committee. A written proposal shall specify:

- i) the name of the proposing supervisor;

- ii) reason or objective circumstance for the proposal;
- iii) time or time limit, venue or form of the meeting proposed;
- iv) well-defined, specific motions; and
- v) means to contact the proposing supervisor, date of proposal, etc.

Article 26 The office of the Supervisory Committee shall transfer to the chairman of the Supervisory Committee the aforesaid proposal and related documents promptly after receipt of the same. The chairman of the Supervisory Committee shall convene and preside over a meeting of the Supervisory Committee within 10 days after receipt of the proposal or requirement of the securities regulatory authority.

Where the chairman of the Supervisory Committee deems the contents of the proposal as not well-defined, specific or complete, the chairman may require the proposer to modify or supplement the proposal and shall convene and preside over a meeting within 10 days after receipt of the modified or supplemented proposal.

Section 4 Convening and Presiding of Meetings

Article 27 Meetings of the Supervisory Committee shall be convened and presided over by the chairman of the Supervisory Committee; where the chairman of the Supervisory Committee cannot or does not fulfill the duty thereof, the vice chairman of the Supervisory Committee shall convene and preside; where no vice chairman is available or the vice chairman cannot or does not fulfill the duty thereof, the majority of the supervisors may elect a supervisor to convene and preside.

Section 5 Notice of Meeting

Article 28 The office of the Supervisory Committee shall send the written notice of meeting affixed with the seal of the Supervisory Committee to all the supervisors by direct delivery, fax, email or other means 10 days and 5 days before a regular meeting and a provisional meeting of the Supervisory Committee respectively. Where the notice is not served by direct delivery, telephone acknowledgement and relevant records shall be made.

Where a provisional meeting of the Supervisory Committee needs to be convened in emergency, the notice of meeting may be sent by telephone or by other verbal means, but the convener shall make explanations at the meeting.

Section 6 Contents of Notice of Meeting

Article 29 A written notice of meeting shall at least include:

- i) time, date, venue and duration of the meeting;
- ii) reasons and topics for discussion to be considered;
- iii) convener and presider of the meeting, proposer of and written proposal for the provisional meeting;
- iv) documents needed for voting of supervisors;
- v) the requirement for the supervisor to attend the meeting in person;
- vi) contact person and means of contact;
- vii) date on which the notice is sent.

A verbal notice of meeting shall at least include (I) and (II) above, and explanation for a provisional meeting of the Supervisory Committee in emergency.

Section 7 Form of Meeting

Article 30 Meetings of the Supervisory Committee shall be held onsite. In emergency, a meeting of the Supervisory Committee allows voting in an offsite way, but the convener (presider) of the meeting shall explain to the attending supervisors the particulars about the emergency. In the case of voting by correspondence, the supervisors shall fax to the office of the Supervisory Committee their written and signed opinions and voting intents on the matters to be considered. The supervisors shall not merely provide voting opinions without expressing their written opinions or reasons for voting.

Section 8 Convening of Meeting

Article 31 A meeting of the Supervisory Committee shall be attended by more than two thirds of the supervisors. Where any relevant supervisor refuses or fails to attend the meeting so that the number of attendees falls short of the quorum required for convening the meeting, other supervisors shall responsively report to the regulatory authority. The secretary of the Board and the securities affair representative shall be present at meetings of the supervisory committee as non-voting representatives.

Article 32 The Supervisory Committee may, when considering relevant motions and reports, require the directors, general manager, deputy general manager, chief financial officer, internal and external auditors to attend meetings as non-voting representatives to give necessary explanations to and answer any questions raised by the Supervisory Committee.

Section 9 Agenda of Meeting

Article 33 The presider of the meeting shall ask the attending supervisors separately to provide definite opinions on respective proposals.

Article 34 The presider may, as proposed by supervisors, require directors, senior executives, other members of staff of the Company or relevant agency institution to stand on inquiry.

Section 10 Resolutions of Supervisory Committee

Article 35 At meetings of the Supervisory Committee, each attendant shall cast one vote, by open ballot or in writing or otherwise.

Article 36 The voting intent of a supervisor may be pro, con or abstention. Every attending supervisor shall choose one out of the aforesaid intents. Where any supervisor does not make any option or makes two or more options, the presider shall require the said supervisor to make an option again, otherwise the said supervisor shall be deemed as having abstained from voting; any supervisor who has left the meeting midway without coming back and has not made any option shall be deemed as having abstained from voting.

Article 37 Resolutions of the meeting of the Supervisory Committee shall be approved by more than two thirds of the supervisors.

Section 11 Meeting Minutes

Article 38 Office clerks of the Supervisory Committee shall keep minutes of onsite meetings. The minutes shall include the following information:

- i) the time, venue and form of the meeting;
- ii) sending of the notice of meeting;
- iii) convener and presider of the meeting;
- iv) attendance of the meeting;

- v) procedure and process of the meeting;
- vi) the proposals considered at the meeting, chief comments and opinions of supervisors on relevant issues;
- vii) the voting method and result for each proposal (the voting result shall set out the respective numbers of pros, cons and abstentions); and
- viii) other issues that the attending supervisors think should be included into the minutes.

For a meeting held by correspondence, the office of the Supervisory Committee shall sort out the meeting minutes as per the preceding provision.

Section 12 Signatures of Supervisors

Article 39 The attending supervisors shall sign and confirm the minutes, summary and resolutions of the meeting.

Article 40 If any supervisor has different opinions on the minutes, summary and resolutions of the meeting, the said supervisor may make a written explanation when signing them and may have an explanatory note made in the minutes regarding his speech at the meeting. Where necessary, they shall responsively report to the regulatory authority or announce public statements.

Article 41 Where any supervisor neither signs as per the preceding provision nor provides his different opinions in writing, reports to the regulatory authority or announces public statement, the said supervisor shall be deemed as agreeing with the minutes, summary (if any) or resolutions of the meeting.

Section 13 Information Disclosure of Meetings of Supervisory Committee

Article 42 The Supervisory Committee must strictly comply with the information disclosure requirements of the stock exchange and the regulatory authority at the location where the shares of the Company are listed, and shall disclose matters or resolutions considered or adopted at the meetings of the Supervisory Committee timely and precisely. The specific operation procedure shall be subject to relevant regulations of the Company.

Article 43 Announcement of resolutions and information disclosure of the Supervisory Committee shall be made by the Board secretary pursuant to the relevant provisions of the stock exchange with which the Company is listed.

Article 44 The attendees shall fulfill the obligation of confidentiality where necessary, otherwise they shall be pursued for relevant liability.

Section 14 Implementation of and Feedback on Resolutions of Meetings of Supervisory Committee

Article 45 The chairman of the Supervisory Committee shall urge relevant staff to execute the resolutions of the Supervisory Committee and report at future meetings of the Supervisory Committee how the resolutions are executed.

Article 46 The office of the Supervisory Committee shall, under the leadership of the Supervisory Committee and chairman thereof, proactively collect information about execution of relevant resolutions, and responsively report and make suggestions to the Supervisory Committee and chairman thereof.

Article 47 Where any resolution made by the Supervisory Committee involves a proposal for convening an extraordinary Board meeting or an extraordinary general meeting or a temporary proposal to the annual general meeting, the Supervisory Committee shall submit written detailed proposals to the Board and make sure that the said proposals comply with the relevant laws, regulations and the Articles of Association.

Section 15 Keeping of Meeting Archives

Article 48 Archives of meetings of the Supervisory Committee including notices of meeting, meeting documents, attendance book, meeting recordings, votes, meeting minutes signed by the attending supervisors, summaries of meetings, records and announcements of the resolutions, etc., shall be kept by a person designated by the chairman of the Supervisory Committee.

Article 49 Archives of meetings of the Supervisory Committee shall be kept for at least 10 years.

Chapter 5 Supplementary Provisions

Article 50 Matters not covered herein shall be handled with reference to Rules of Procedure for Meetings of the Board of Directors.

Article 51 Save otherwise specified, the terms used in these Rules shall have the same meanings as identical terms in the Articles of Association.

Article 52 These Rules shall take effect upon adoption through a resolution at the general meeting, and shall be an appendix to the Articles of Association.

Article 53 These Rules shall be subject to the interpretation of the Supervisory Committee.