

Please note that these Rules and Procedures of Meetings of the Board of Directors 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.

China Shipping Development Company Limited

Rules and Procedures of Meetings of the Board of Directors

Chapter 1 General Provisions

- Article 1 In order to regulate the rules of procedure and decision-making of the Board of Directors of China Shipping Development Co., Ltd. (“the Company”), to make the directors and the Board effectively perform their duties, and to ensure the standard operation and scientific decision-making of the Board, these Rules are formulated in accordance with the *Company Law of the People’s Republic of China* (“*Company Law*”), *Securities Law of the People’s Republic of China*, *Mandatory Provisions for the Articles of Association of Companies Listed Overseas*, *Standards for the Governance of Listed Companies*, *Stock Listing Rules of Shanghai Stock Exchange*, *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited*, the *Listing Rules of the Shanghai Stock Exchange (amended in 2008)*, and *Articles of Association of China Shipping Development Co., Ltd.* (“*Articles of Association*”).
- Article 2 These Rules shall apply to the Board, the special committees under the Board, directors, Board secretary and relevant departments and staff of the Company involved in these Rules.

Chapter 2 Functions and Powers of the Board

- Article 3 The Board is the standing decision making body of the Company and shall be accountable to the general meeting. The Board shall fulfill its duties in accordance with *Company Law and other relevant laws and regulations and the Articles of Association*, and shall be accountable and report work to the general meeting.
- Article 4 Pursuant to *Articles of Association*, the Board shall exercise the following functions and powers:
- (I) to convene general meetings and report to general meetings;
 - (II) to execute resolutions of general meetings;
 - (III) to resolve on the business plans and investment plans of the Company;
 - (IV) to decide on the investment, purchase and disposal of assets, asset mortgage, consigned financial management, connected transactions, etc. within the authority granted by the general meeting;

- (V) to prepare the annual financial budgets and final accounting plans of the Company;
- (VI) to prepare the profit distribution plan and loss makeup plan of the Company;
- (VII) to formulate plans for the increase or decrease of the registered capital of the Company;
- (VIII) to formulate plans for issuing bonds or other securities and listing of the Company;
- (IX) to formulate plans for material acquisitions, repurchase of shares of the Company, merger, division, dissolution or transformation of the Company;
- (X) to resolve on the internal management setup of the Company;
- (XI) to appoint or dismiss general manager of the Company;
- (XII) to appoint or dismiss Board secretary as nominated by the chairman of the Board;
- (XIII) to appoint or dismiss senior executives including deputy general manager and chief financial officer of the Company as nominated by the general manager, and to determine their remunerations, awards and punishments;
- (XIV) to set up the basic management system of the Company;
- (XV) to formulate the plan for any amendment to the Articles of Association;
- (XVI) to formulate the equity incentive plan of the Company;
- (XVII) to manage the disclosure of the Company;
- (XVIII) to propose the appointment or replacement of the accountant conducting audit for the Company to the general meeting;
- (XIX) to listen to the work report by the general manager of the Company and examine the work of the general manager;
- (XX) to elect the chairman and the vice-chairman of the Company;
- (XXI) to consider and approve external guarantees given by the Company pursuant to the Articles of Association not subject to consideration by the general meeting;
- (XXII) to decide on the establishment or cancellation of any branches of the Company;
- (XXIII) to decide on such matters as the merger, division and reorganization of the subsidiaries of the Company;
- (XXIV) to decide on the salary, benefits, award and punishment policy and plan;
- (XXV) to decide on the risk management system of the Company, including risk appraisal, financial control, internal audit, legal risk control and to monitor its implementation;
- (XXVI) to appoint or replace the directors and supervisors who are not representatives of employees of the wholly-owned subsidiaries of the Company, to recommend candidates for directors and supervisors who are not representatives of employees of the controlling and shareholding subsidiaries of the Company and to recommend candidates for senior management personnel of the wholly-owned and controlling subsidiaries;

- (XXVII) to decide on the establishment of specialized committees under the Board, to appoint or dismiss the directors of specialized committees under the Board;
- (XXVIII) to decide on the asset pledge or charge created by the Company for its own debts;
- (XXIX) to manage the records of the responsible persons of the functional departments of the headquarters of the Company;
- (XXX) to decide on the provision of guarantees for loans granted to the headquarters of the Company;
- (XXXI) to decide on expenses other than the annual budget of the Company;
- (XXXII) to exercise other functions and powers specified in relevant laws, administrative regulations, departmental rules and the Articles of Association or granted by the general meetings.

In exercising the aforesaid powers and functions, the Board shall also observe laws and regulations and the listing rules of the stock exchange(s) applicable to domestic and overseas listed companies.

Article 5 In addition to the powers and functions specified in Article 4, the Board shall also consider matters other than material transactions etc to be considered at general meetings as stipulated in relevant laws and regulations, the listing rules of the stock exchange with which the Company is listed, and *Articles of Association*.

Article 6 Pursuant to *Articles of Association*, the chairman of the Board shall exercise the following functions and powers:

- (I) to preside over general meetings and to convene and preside over Board meetings;
- (II) to examine and supervise the implementation of the resolutions of the Board;
- (III) to nominate Board secretary;
- (IV) to organize formulation of regulations on the operation of the Board, and to coordinate the operation of the Board;
- (V) to hear the regular or irregular work reports of the senior executives of the Company, and give opinions guiding execution of the resolutions of the Board;
- (VI) to exercise other functions and powers specified in relevant laws, administrative rules, regulations of relevant authorities or *Articles of Association* or granted by the general meetings.

Article 7 The vice chairman shall assist the chairman in performing his duties. If the chairman is unable or fails to perform his duties, such duties shall be performed by the vice chairman (if there are two or more than two vice chairmen, such duties shall be performed by the vice chairman jointly elected by the majority of the directors). If the vice chairman is unable or fails to perform his duties, a director shall be elected jointly by more than half of the directors to perform such duties.

Article 8 The Board may within its terms of reference authorize the general manager (as set out in the appendix) and may from time to time check the scope of authorization for the general manager to meet the actual needs of the Company. The authority granted by the Board to the general manager shall not be exercised unless discussed and certified at the general manager's work meeting.

Article 9 The chairman of the Board and the general manager shall responsively file the exercise of the authority with the Board. The Board may if necessary adjust the authorization in accordance with Article 7. Where the laws and regulations have other provisions on matters to be considered and adjusted at general meetings, such provisions shall apply.

Chapter 3 Composition and Committees of the Board

Article 10 The Board shall comprise nine to fifteen directors, including one chairman and vice-chairman.

Article 11 Directors shall be elected and replaced at general meetings. A director shall serve a term of three years, and may seek reelection upon expiry of the said term. The chairman and vice chairmen of the Board shall be directors of the Company and shall be elected and removed by more than half of all the directors.

Article 12 The board shall have a board office for handling the daily affairs of the board. The secretary of the Board or securities affair representative shall serve concurrently as the officer in charge of the Board office and keep the seals of the Board and the Board office.

Article 13 The Board shall establish strategy committee, audit committee, nomination committee, and remuneration and evaluation committee. These special committees are ad hoc committees under the Board which provide consulting and advice for the Board on important decisions. The special committees do not have decision-making power and shall not make any decision in the name of the Board. Where necessary, the Board may set other committees and adjust the existing committees. The Board shall specify the duties and rules of procedure of the special committees, which duties and rules shall take effect upon approval by the Board.

Article 14 Members of the special committees shall be directors as nominated by the chairman and approved by the Board, and shall be accountable to the Board. Conveners of the special committees shall be nominated by the chairman and approved by the Board.

Article 15 The Board shall have one secretary, who is a senior executive of the Company and shall be nominated by the chairman and appointed or dismissed by the Board. The Board secretary shall chiefly be responsible for the preparations for general meetings and Board meetings, keeping of documentation and shareholders' data, handling of matters relating to information disclosure, management of investor relations, equity management of the Company, etc.

Article 16 The Company shall formulate separate rules on the work of the Board secretary, which rules shall specify the qualifications, work methods, work procedure, evaluation, awards and punishments of the Board secretary and shall take effect upon approval by the Board.

Chapter 4 Proceedings of Board Meetings

Article 17 Board meetings include regular meetings and provisional meetings. The Board shall hold at least four regular meetings every year, usually once every quarter. Before serving the notice of regular meeting of the Board, the office of the Board shall adequately consult with the directors, and shall accordingly formulate a preliminary proposal for meeting and submit the same to the chairman of the Board for consideration. Before deciding a proposal, the chairman may, where necessary, seek opinions of the general manager and other senior executives.

Article 18 In any of the following circumstances, the Board shall hold a provisional meeting:

- (I) deemed necessary by the chairman of the Board;
- (II) proposed by shareholders representing more than 10% of the voting rights;
- (III) jointly proposed by more than one-third of the directors;
- (IV) jointly proposed by half of the independent directors;
- (V) proposed by the general manager;
- (VI) proposed by the Supervisory Committee;
- (VII) required by the securities regulating authority; and
- (VIII) in any other circumstance so specified in the *Articles of Association*.

Article 19 A proposal for convening a provisional Board meeting as specified in the preceding article shall be in written form and affixed with the signature (seal) of the proposer and submitted through the office of the Board or directly to the chairman. A written proposal shall specify:

- (I) name of the proposer;
- (II) reason or objective circumstance for the proposal;
- (III) time or duration, venue or form of the meeting proposed;
- (IV) well-defined and specific motions; and
- (V) means to contact the proposer, date of proposal, etc.

The contents of the written proposal shall be within the terms of reference of the Board specified in the *Articles of Association*, and the documents relating to the proposal shall be submitted together with the proposal itself.

The Board office shall transfer to the chairman the aforesaid proposal and related documents promptly after receipt of the same. The chairman shall convene and preside over a Board meeting within 10 days after receipt of the proposal or requirement of

the securities regulatory authority. Where the chairman 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.

Article 20 Board meetings shall be convened and presided over by the chairman; where the chairman cannot or does not fulfill the duty thereof, the vice chairman shall convene and preside; where even the vice chairman cannot or does not fulfill the duty thereof, more than half of the directors may elect a director to convene and preside.

Article 21 The Board office shall send the written notice of meeting bearing the seal of the Board office to all the directors, supervisors and other non-voting representatives by email, fax, express, registered mail or personal delivery 14 days and 5 days before a regular Board meeting and a provisional Board meeting respectively. Where the notice is not served by direct delivery, telephone acknowledgement and relevant records shall be made.

Article 22 Where a provisional Board meeting 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.

Article 23 A written notice of Board meeting shall at least include:

- (I) time, date and venue of the meeting;
- (II) the form of the meeting;
- (III) duration of the meeting;
- (IV) reasons and topics for discussion;
- (V) date on which the notice is sent;
- (VI) convener and presider of the meeting, proposer of and written proposal for the provisional meeting;
- (VII) documents needed for voting of directors;
- (VIII) requirements for the directors to attend the meeting in person or by proxy; and
- (IX) contact person and means of contact.

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

Article 24 If, after the notice of a regular Board meeting is sent, it is necessary to change the time, venue, etc. of the meeting or add, change or cancel proposals to the meeting, a written notice of change shall be sent 3 days before the original designated date for convening the meeting, to explain why and provide contents and documents relating to the new proposals. Where the notice of change is sent in less than 3 days in advance, the date of meeting shall be postponed accordingly or approved by all the

attending directors. If, after the notice of a provisional Board meeting is sent, it is necessary to change the time, venue, etc. of the meeting or add, change or cancel proposal for the meeting, then it shall be necessary to seek the prior consent of all the attending directors and make relevant records.

Article 25 A Board meeting shall be attended by more than half of the directors. Supervisors may attend Board meetings without voting rights; the general manager and Board secretary shall attend Board meetings without voting rights. The presider may, where he deems necessary, notify other relevant non-director persons to attend Board meetings without voting rights.

Article 26 In principle, the directors shall attend Board meetings in person. Where a director is unable to attend a meeting for any reason, he shall peruse the meeting documents in advance, form definite opinions, and appoint another director in writing to attend the meeting on his behalf. The power of attorney shall specify:

- (I) the names of the principal and proxy;
- (II) outline opinions of the principal on respective proposals;
- (III) the principal's scope of authorization and instructions about voting intent in relation to respective proposals; and
- (IV) signature of the principal and proxy, date, etc.

Where any director signs the regular reports by proxy, the said director shall specify such authorization in the power of attorney. The proxy director shall present the written power of attorney to the presider, and explain proxy attendance in the attendance book.

Article 27 The director attending the meeting by proxy shall exercise rights as granted by the principal. If a director fails to attend a Board meeting either in person or by proxy, the said director shall be deemed as having waived his right to vote at the meeting.

Article 28 Proxy attendance at Board meetings shall follow the principles below:

- (I) Where connected transactions are considered, a non-connected director shall not appoint a connected director to attend the meeting on his behalf, and a connected director shall also not accept the appointment of a non-connected director;
- (II) An independent director shall not appoint a non-independent director to attend the meeting on his behalf, and a non-independent director shall also not accept the appointment of an independent director;
- (III) A director shall not give any other director carte blanche to attend the meeting and vote on his behalf without providing his own opinions and voting intent on the proposals, and the relevant director shall also not accept the carte blanche or any appointment not well defined.

(IV) One director shall not accept appointment by more than two directors, and a director shall also not appoint any other director who has been appointed by two other directors to attend the meeting and vote on his behalf.

Article 29 Board meetings shall generally be held onsite, or where necessary, via videoconference, conference call, fax or email voting provided that the directors can adequately express their views and the convener (presider) and proposer grant approval. Board meetings may also be held onsite and off-site simultaneously. Where a Board meeting is held offsite, the number of attending directors shall be counted according to the directors shown at the videoconference, the directors expressing their views at the conference call, valid votes such as faxes or emails received within the prescribed period, or written acknowledgements submitted after the meeting by the directors for attending the meeting.

Article 30 Provisional Board meetings may be held in emergency, on condition that the attending directors fully express their opinions and subject to approval by the chairman, and may pass resolutions in an offsite way, with the resolutions signed by the directors.

Chapter 5 Procedure and Resolutions of Board Meetings

Article 31 The presider of the meeting shall ask the attending directors to provide definite opinions on respective proposals. For any proposal requiring prior acknowledgements of independent directors, the presider shall, before discussing the relevant proposal, appoint one independent director to read out the written acknowledgements of independent directors.

For any director who disturbed the normal order of the meeting or interfered with any other directors to present their opinions, the presider shall take measures to prevent the director to conduct such actions in a timely manner.

The Board meeting shall not vote on any proposal not included in the notice of the meeting unless with the unanimous consent of the attending directors. A proxy director shall not vote on any proposal not included in the notice of the meeting.

Article 32 The directors shall carefully read documents relating to the meeting and shall express well-informed, independent and discreet opinions. The directors may, before the meeting, learn and inquire about information needed for decision making from relevant persons or institutions such as the Board office, the convener of the meeting, senior executives, special committees, the accounting firm and the law firm, or may, while the meeting is underway, suggest to the presider that the aforesaid persons or institutions appear at the meeting to make relevant explanations. Where any director needs to obtain opinions from an independent agency institution in order to correctly fulfil the said director's obligations to the Company, the said director may submit the relevant reasonable request to the Board, and the Board may through a resolution provide the said director the opinions of the agency institution and the Company shall bear the relevant agency fees.

- Article 33 After adequate discussion of each proposal, the presider shall submit it to voting by the attending directors. Each attendant shall cast one vote by open ballot.
- Article 34 The voting intent of a director may be pro, con or abstention. Every attending director shall choose one out of the aforesaid intents. Where any director does not make any option or makes two or more options, the presider shall require the said director to make an option again, otherwise the said director shall be deemed as having abstained from voting; any director who has left the meeting midway without coming back and has not made any option shall be deemed as having abstained from voting.
- Article 35 Where more than half of the attending directors or more than two independent directors think they cannot make judgments on relevant issues because the relevant proposal is not clear or specific or the meeting documents are inadequate, the presider shall require the meeting to suspend voting on the said proposal. The director proposing suspension of voting shall provide definite requirements for the conditions to be met for resubmitting the said proposal for deliberation.
- Article 36 After voting of the attending directors, the Board office staff shall responsively collect ballots cast by the directors, which ballots shall be counted by the Board secretary under supervision of a supervisor or independent director.
- Article 37 Where the meeting is held onsite, the presider shall announce the statistics onsite; in other circumstances, the presider shall require the Board secretary to announce the voting result within a workday after the prescribed voting deadline.
- Article 38 The ballots cast by directors after the presider announces the voting result or after the prescribed voting deadline shall not be counted.
- Article 39 Saved as specified in Article 41 of these Rules, adoption of or resolution on any proposal shall be subject to approval of more than half of all the directors of the Company. Where the relevant laws, administrative regulations and *Articles of Association* have any provisions on approval of more directors, such provisions shall apply. Any resolution made by the Board on any guarantee within its scope of authority in accordance with *Articles of Association* shall be subject to the approval of more than half of all the directors of the Company and more than two thirds of the attending directors. Where the listing rules at the location where the shares of the Company are listed have special requirements for disclosure of guarantee related matters, such requirements shall apply. If different resolutions conflict with each other in contents and meanings, the resolutions formed later in time shall prevail. If the pros and cons are the same, the chairman of the Board shall be entitled to an additional vote.
- Article 40 Where a Board meeting is held onsite, the Board secretary shall arrange Board office staff to form draft resolutions onsite based on the voting results. Save in special circumstances, draft resolutions of the meeting shall be examined by the attending

directors and signed onsite before conclusion of the meeting. The meeting minutes shall record failures of directors to sign the resolutions of the meeting. Where the listing rules at the location where the shares of the Company are listed have special requirements for disclosure of Board meetings, such requirements shall apply.

Article 41 In any of the following circumstances, the directors shall abstain from voting on the relevant proposals:

- (I) The listing rules of the stock exchange with which the company is listed provide for abstention of the directors from voting;
- (II) The directors themselves think they should abstain from voting;
- (III) The directors are connected with the enterprises involved by the proposals and shall therefore abstain from voting pursuant to Articles of Association.

Where any director is required to abstain from voting, the director shall not vote on the related resolution or vote on behalf of other director and shall not be included into the quorum attending the related meeting. The relevant Board meeting may be held when more than half of the non-connected directors attend the meeting, and the resolutions made shall be passed by more than half of the non-connected directors. If the number of non-connected attending directors is less than 3, the relevant proposal shall not be voted on but shall be submitted to the general meeting for deliberation.

Article 42 The directors shall act as authorized by the general meetings and *Articles of Association*, and shall not make any resolution beyond authority.

Article 43 Where the issues relating to profit distribution need to be resolved at the Board meeting, the profit distribution proposal to be submitted to the Board may first be submitted to the certified public accountants, who shall be required to produce a draft audit report (all financial data except those involving profit distribution have been determined). After resolving on profit distribution, the Board shall require the certified public accountants to produce a formal audit report, according to which the Board shall resolve on other relevant issues in the regular report. Where the listing rules at the location where the shares of the Company are listed have special requirements for Board meetings needing to resolve on profit distribution of the Company or other Board meetings, such requirements shall apply.

Article 44 Where any proposal is not passed, any Board meeting shall not deliberate any proposal with the same contents within one month if the relevant conditions and factors have not changed significantly.

Chapter 6 Administration of Minutes, Summaries and
Documents of Board Meetings

- Article 45 The Board secretary shall arrange Board office staff to record the minutes of the Board meeting. Minutes shall be signed by all attending directors, Board secretary and the person taking the minutes. The minutes shall include the following information:
- (I) the serial number, time, venue and form of the meeting;
 - (II) sending of the notice of meeting;
 - (III) convener and presider of the meeting;
 - (IV) the agenda of the meeting;
 - (V) the names of the attending directors and the directors (proxies) attending the meeting on behalf of others;
 - (VI) the proposals considered at the meeting, chief comments and opinions of directors on relevant issues;
 - (VII) the voting method and result for each resolution (the voting result shall set out the numbers of pros, cons and abstentions and names of voters);
 - (VIII) other issues that the attending directors think should be recorded.
- Article 46 Where a Board meeting is held onsite, the Board secretary shall organize Board office staff to serve the meeting minutes to the attending directors within three days after conclusion of the meeting. Where a Board meeting is held offsite, the Board secretary shall organize Board office staff to finish sorting out the meeting minutes and forming resolutions within three days after conclusion of the meeting and send the minutes and resolutions to the attending directors. The directors shall sign the minutes and resolutions after receipt of the same and shall within three days send the same to the Board secretary.
- Article 47 The attending directors shall sign the minutes, resolutions and summary of the meeting in person or on behalf of the directors appointing them to attend the meeting. Where the directors disagree over the minutes, resolutions and summary of the meeting, they may attach written remarks when signing the same.
- Article 48 Where any director neither signs as per the preceding paragraph nor provides his different opinions in writing, reports to the regulatory authority or announces public statement, the said director shall be deemed as agreeing with the minutes, resolutions and summary of the meeting.
- Article 49 The directors shall be responsible for the resolutions passed at Board meetings. Any director who votes for a resolution which runs counter to the relevant laws, regulations or *Articles of Association*, thereby causing serious losses to the Company, shall be liable for compensation. A director who has been proved as having expressed dissenting opinions on the resolution and such opinions are recorded in the minutes of the meeting may be exempt from liability. Abstention from voting does not exempt the relevant director from his responsibility to the resolution of the Board. If any

director does not attend a Board meeting either in person or by proxy or lodge a written objection to the matters to be discussed on or before the day on which the meeting is held, the said director shall be deemed as having abstained from voting and shall not be exempt from liability.

- Article 50 Archives of Board meetings including notices of meeting, meeting documents, attendance book, powers of attorney for proxy directors, votes, meeting minutes signed by the attending directors, meeting summaries, resolutions, announcements of the resolutions, etc. shall be kept by the Board secretary. Archives of Board meetings shall be kept for at least 10 years. Where any director needs to refer to the said archives, the Board secretary shall provide the relevant archives for reference by the said director within a reasonable time after receipt of the reasonable notice of the said director.

Chapter 7 Implementation of and Feedback on Resolutions of Board Meetings

- Article 51 The chairman shall urge the relevant personnel to execute the resolutions of the Board, supervise such execution, and report at Board meetings how the resolutions are executed. After resolutions are passed at Board of meetings, the general manager shall implement the resolutions which fall within the scope of the authority of the general manager or which the Board authorizes the general manager to handle, and shall make regular written report to the Board on the implementation of the resolutions. The chairman may appoint other director to examine and supervise implementation of the resolutions.

Chapter 8 Information Disclosure of Board Meetings

- Article 52 Resolutions made by the Board shall be announced by the Board secretary pursuant to the listing rules of the stock exchange with which the Company is listed. Before announcement of the resolutions, the attending directors, other attendants, and the recording and service staff shall fulfill the confidentiality obligation.
- Article 53 The specific matters relating to information disclosure of Board meetings shall be governed by information disclosure regulations formulated by the Company.

Chapter 9 Supplementary Provisions

- Article 54 Matters not covered herein or conflicts between these Rules and laws and regulations, listing rules of the stock exchange with which the Company is listed or *Articles of Association* shall be governed by the applicable laws and regulations, listing rules and *Articles of Association*.
- Article 55 Save otherwise specified, the terms used in these Rules shall have the same meanings as identical terms in the *Articles of Association*.

Article 56 These Rules and amendments thereto shall take effect upon adoption through a resolution at the general meeting, and shall be an appendix to the *Articles of Association*.

Article 57 The Rules shall be subject to the interpretation of the Board.

(Passed at the second EGM of 2011 on 6 April 2011)