
DEFINITIONS

In this Prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below.

“ABCI”	ABCI Securities Company Limited, a licensed corporation under the SFO for Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO
“affiliate”	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“American Machinery”	Sino American Machinery Corporation (美國華美機械有限公司), a wholly-owned subsidiary of our Company incorporated in the State of Delaware, the United States on August 22, 1983 with limited liability
“Application Form(s)”	WHITE application form(s), YELLOW application form(s) and GREEN application form(s) or, where the context so requires, any of them that is (are) in relation to the application of the Hong Kong Public Offering
“Articles of Association”	the articles of association of our Company, adopted on February 14, 2011 and as amended from time to time
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board” or “Board of Directors”	the board of directors of our Company
“BOCI”	BOCI Asia Limited, a licensed corporation under the SFO for Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities
“Business Day”	any day (other than Saturday, Sunday and public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
“CACCS”	China National Automation Control System Corporation (中國自動化控制系統總公司), an enterprise established in the PRC on January 17, 1984 and wholly-owned by SINOMACH
“CAGR”	compound annual growth rate
“CAMC Engineering”	China CAMC Engineering Co., Ltd. (中工國際工程股份有限公司), an A-share company listed on the SZSE established on May 22, 2001, owned as to approximately 68.09% by SINOMACH according to CAMC Engineering’s third quarterly report for 2012 as published on SZSE
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC

DEFINITIONS

“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“CGME”	China National General Machinery Engineering Corporation (中國通用機械工程有限公司), an enterprise established in the PRC on May 25, 1992 and wholly-owned by SINOMACH
“China” or “PRC”	the People’s Republic of China excluding, for the purpose of this Prospectus only, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“China Machinery R&D”	China Machinery International Engineering Design & Research Institute Co., Ltd. (中機國際工程設計研究院有限責任公司), a wholly-owned subsidiary of our Company established in the PRC on October 5, 1993 with limited liability
“China United”	China United Engineering Corporation (中國聯合工程公司), an enterprise established in the PRC on January 21, 1984 and a wholly-owned subsidiary of SINOMACH, our connected person and our Promoter who holds 1.00% equity interest in our Company as at the date of this Prospectus
“CHMC”	China National Heavy Machinery Corporation (中國重型機械有限公司), an enterprise established in the PRC on January 30, 1981 and wholly-owned by SINOMACH
“CIMB”	CIMB Securities Limited, a licensed corporation under the SFO for Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“CMCEC”	China National Complete Engineering Corporation (中國成套工程有限公司), an enterprise established in the PRC on September 5, 1985 and wholly-owned by SINOMACH
“CMEC (Suzhou)”	China National Machinery & Equipment Import & Export (Suzhou) Co., Ltd (中設(蘇州)機械設備進出口有限責任公司), a wholly-owned subsidiary of our Company established in the PRC on February 20, 1987 with limited liability

DEFINITIONS

“CMEC (Wuxi)”	China National Machinery & Equipment Import & Export (Wuxi) Co., Ltd (中設(無錫)機械設備進出口有限責任公司), a wholly-owned subsidiary of our Company established in the PRC on April 9, 1987 with limited liability
“CMEC Comtrans”	CMEC Comtrans International Co., Ltd. (中設國際商務運輸代理有限責任公司), a wholly-owned subsidiary of our Company established in the PRC on March 5, 1997 with limited liability
“CMEC Engineering Machinery”	CMEC Engineering Machinery Import & Export Co., Ltd. (中設工程機械進出口有限責任公司), a wholly-owned subsidiary of our Company established in the PRC on January 9, 1995 with limited liability
“CMEC Expo”	CMEC International Exhibition Co., Ltd (西麥克國際展覽有限責任公司), a wholly-owned subsidiary of our Company established in the PRC on January 9, 1995 with limited liability
“CMEC General Machinery”	CMEC General Machinery Import & Export Co., Ltd. (中設通用機械進出口有限責任公司), a wholly-owned subsidiary of our Company established in the PRC on January 9, 1995 with limited liability
“CMEC Industrial Products”	China Machinery Industrial Products Co., Ltd. (中設集團工貿發展有限責任公司), a wholly-owned subsidiary of our Company established in the PRC on February 6, 2002 with limited liability
“CMEC International Engineering”	CMEC International Engineering Co., Ltd. (中設國際工程有限責任公司), a wholly-owned subsidiary of our Company established in the PRC on September 9, 1997 with limited liability
“CMEC International Trading”	CMEC International Trading Co., Ltd. (中設國際貿易有限責任公司), a wholly-owned subsidiary of our Company established in the PRC on January 16, 1995 with limited liability
“CMEC Machinery & Electric”	CMEC Machinery & Electric Equipment Import & Export Co., Ltd. (中設機電進出口有限公司), a wholly-owned subsidiary of our Company established in the PRC on January 16, 1995 with limited liability
“CMEC Tendering”	China Machinery and Equipment International Tendering Co., Ltd. (中設國際招標有限責任公司), a wholly-owned subsidiary of our Company established in the PRC on April 29, 1996 with limited liability
“CMIC”	China Machine-Building International Corporation (中國機械對外經濟技術合作總公司), an operationally diversified and renowned international economic and technological cooperation company founded in the PRC on October 4, 1981 and wholly-owned by SINOMACH

DEFINITIONS

“CNEEC”	China National Electric Engineering Co., Ltd. (中國電力工程有限公司), a limited liability company established in the PRC in October 1979 and wholly-owned by SINOMACH
“COMIBEL”	COMIBEL S.A., a subsidiary of our Company incorporated in the Republic of Gabon on March 19, 2008 as a limited company, and is owned as to 66% by our Company
“Company”, “our Company” or “CMEC”	China Machinery Engineering Corporation (中國機械設備工程股份有限公司), a joint stock company with limited liability incorporated in the PRC on January 18, 2011, and except where the context indicates otherwise, includes (i) our predecessors and (ii) with respect to the period before our Company became the holding company of its present subsidiaries, the business operated by it and its present subsidiaries or (as the case may be) their predecessors
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder”	has the meaning ascribed under the Listing Rules and in this context, refers to SINOMACH
“Core Sectors”	the core sectors of our International Engineering Contracting Business which are the power sector, transportation sector and telecommunications sector
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of our Company
“Domestic Shares”	ordinary shares in our capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
“East Resources”	China-East Resources Import & Export Co. Ltd. (中經東源進出口有限責任公司), a wholly-owned subsidiary of our Company established in the PRC on July 22, 1993 with limited liability
“EIT Law”	PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法) adopted by the National People’s Congress on March 16, 2007, and became effective on January 1, 2008
“ENR”	Engineering News-Record magazine, a publication that provides news, analyses, commentary and data about the global construction industry and an independent third party
“EU”	the European Union
“EUR”	the lawful currency of the member states of the European Union

DEFINITIONS

“Euro MEC”	Euro M.E.C. Import & Export GmbH (歐麥克進出口有限公司), a wholly-owned subsidiary of our Company incorporated in Germany on March 9, 1990 with limited liability
“Excluded Business”	the Excluded International Engineering Contracting Business and the Excluded Trading Business
“Excluded International Engineering Contracting Business”	international engineering contracting business conducted by SINOMACH Group, which competes, or is likely to compete, either directly or indirectly, with the International Engineering Contracting Business of our Group in the Core Sectors
“Excluded Trading Business”	international trading business conducted by SINOMACH Group, which competes, or is likely to compete, either directly or indirectly, with the Trading Business of our Group
“Export-Import Bank”	Export-Import Bank of China (中國進出口銀行), established in 1994, a government policy bank fully owned by the PRC Government and under the direct leadership of the State Council
“FIDIC”	Fédération Internationale des Ingénieurs-Conseils (International Federation of Consulting Engineers), an organization headquartered in Geneva, Switzerland, that promotes the business interest of firms engaged in the consulting engineering industry globally, and an independent third party
“GDP”	gross domestic product (all references to GDP growth rates are to real as opposed to nominal growth rates of GDP)
“GFA”	gross floor area
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Green Application Form(s)”	the application form(s) to be completed by White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited
“Group” or “our Group”	our Company and its subsidiaries, or where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, such subsidiaries as if they were the subsidiaries of our Company at the time
“H Share Registrar”	Computershare Hong Kong Investor Services Limited

DEFINITIONS

“H Share(s)”	overseas listed foreign shares in our ordinary share capital with a nominal value of RMB1.00 each, to be subscribed for and traded in Hong Kong dollars and listed on the Stock Exchange
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong” or “HK”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Hong Kong dollars” or “HK dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Offer Shares”	the H Shares offered by us for subscription pursuant to the Hong Kong Public Offering
“Hong Kong Public Offering”	the offering by our Company of initially 71,800,000 H Shares for subscription by the public in Hong Kong (subject to adjustment as described in the section headed “Structure of the Global Offering” in this Prospectus) for cash at the Offer Price on the terms and conditions described in this Prospectus and the Application Forms
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering listed in the section headed “Underwriting – Hong Kong Underwriters” in this Prospectus
“Hong Kong Underwriting Agreement”	the underwriting agreement dated December 10, 2012 relating to the Hong Kong Public Offering entered into between, among others, the Sole Global Coordinator, the Joint Bookrunners, the Hong Kong Underwriters and us as further described in the section headed “Underwriting – Hong Kong Public Offering – Hong Kong Underwriting Agreement” in this Prospectus
“ICBCI Capital”	ICBC International Capital Limited, a licensed corporation under the SFO for Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“ICBCI Securities”	ICBC International Securities Limited, a licensed corporation under the SFO for Type 1 (dealing in securities) regulated activity under the SFO

DEFINITIONS

“IFRS”	the International Financial Reporting Standards, which include standards and interpretations promulgated by the International Accounting Standards Board (IASB)
“independent third party(ies)”	an individual or a company who is not connected with (within the meaning of the Listing Rules) any Directors, chief executive or substantial shareholders of our Company, its subsidiaries or any of their respective associates
“international engineering contracting”	in the context of our Company’s rankings among other PRC and foreign contractors, engineering contracting outside of the home country of the contractor concerned
“International Engineering Contracting Business”	the international engineering contracting business conducted by our Group with a primary focus on EPC projects
“International Offer Shares”	646,200,000 H Shares initially offered by our Company for subscription under the International Offering, subject to the Over-allotment Option and adjustment as described in the section headed “Structure of the Global Offering” in this Prospectus
“International Offering”	the conditional placing of the International Offer Shares by the International Underwriters with professional and institutional investors for cash at the Offer Price, as further described in the section headed “Structure of the Global Offering” in this Prospectus, and outside the United States in reliance on Regulation S under the US Securities Act as further described in the section headed “Structure of the Global Offering” in this Prospectus
“International Underwriters”	the group of international underwriters expected to enter into the International Underwriting Agreement to underwrite the International Offering
“International Underwriting Agreement”	the underwriting agreement expected to be entered into on or about December 15, 2012 by, among others, the Sole Global Coordinator, the Joint Bookrunners, the International Underwriters and us in respect of the International Offering, as further described in the section headed “Underwriting – International Offering”
“Ipsos Report”	a report prepared by Ipsos Hong Kong Limited, an independent third party, on the global infrastructure engineering industry and international trading industry in general, and the infrastructure engineering industry and international trading industry in the developing countries in particular, which was commissioned by us and issued on December 7, 2012

DEFINITIONS

“ISA”	the United States Iran Sanctions Act, as amended (P.L. 104-172, August 5, 1996) (formerly the Iran and Libya Sanctions Act of 1996)
“Joint Bookrunners”	BOCI, ICBCI Capital, CIMB and ABCI
“Joint Lead Managers”	BOCI, ICBCI Securities, CIMB and ABCI
“Latest Practicable Date”	December 3, 2012, being the latest practicable date for the inclusion of certain information in this Prospectus prior to its publication
“Listing”	listing of our H Shares on the Stock Exchange
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Date”	the date, expected to be on or about December 21, 2012, on which our H Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Mandatory Provisions”	the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (到境外上市公司章程必備條款), for inclusion in the articles of association of companies incorporated in the PRC to be listed overseas, promulgated by the former State Council Securities Commission and other PRC government departments on August 27, 1994, as amended, supplemented or otherwise modified from time to time
“MOF”	Ministry of Finance of the PRC (中華人民共和國財政部)
“MOFCOM”	Ministry of Commerce of the PRC (中華人民共和國商務部)
“MOFTEC”	former Ministry of Foreign Trade and Economic Cooperation of the PRC (中華人民共和國原對外經濟貿易合作部)
“Non-competition Agreement”	the non-competition agreement dated July 12, 2011 entered into between SINOMACH and us as supplemented by a supplemental agreement dated December 10, 2012
“non-Core Sectors”	any sectors that do not fall within the Core Sectors of our International Engineering Contracting Business
“Non-PRC Resident Enterprise”	as defined under the EIT Law, companies established pursuant to non-PRC law with their de facto management conducted outside the PRC, but which have established organizations or premises in the PRC, or which have generated income within the PRC without having established organizations or premises in the PRC

DEFINITIONS

“NPC”	National People’s Congress of the PRC (中華人民共和國全國人民代表大會)
“NSSF”	National Council for Social Security Fund of the PRC (中華人民共和國全國社會保障基金理事會)
“OFAC”	the Office of Foreign Assets Control of the US Department of the Treasury
“Offer Price”	the final price per Offer Share in Hong Kong dollars (exclusive of brokerage fee of 1%, Stock Exchange trading fee of 0.005% and SFC transaction levy of 0.003%) at which the Hong Kong Offer Shares are to be subscribed, to be confirmed in the manner further described in the section headed “Structure of the Global Offering” in this Prospectus
“Offer Share(s)”	the Hong Kong Offer Shares and the International Offer Shares, collectively, and where relevant, together with any additional H Shares to be issued pursuant to the exercise of the Over-allotment Option
“Other Businesses”	the other businesses conducted by our Group, other than the International Engineering Contracting Business and the Trading Business, which include, among others, logistic services, exhibition services, tendering agency services, export-import agency services, design services and other services
“Over-allotment Option”	the option expected to be granted by our Company to the International Underwriters exercisable by the Joint Bookrunners (on behalf of the International Underwriters) under the International Underwriting Agreement pursuant to which our Company may be required by the Joint Bookrunners to issue and allot up to an aggregate of 107,700,000 additional H Shares at the Offer Price as described in the section headed “Structure of the Global Offering” in this Prospectus
“PBOC”	the People’s Bank of China (中國人民銀行)
“PRC Company Law” or “Companies Law”	Company Law in the PRC (中華人民共和國公司法), adopted by the Standing Committee of the National People’s Congress on October 27, 2005 and which became effective on January 1, 2006, as amended, supplemented or otherwise modified from time to time
“PRC GAAP”	generally accepted accounting principles in the PRC
“PRC Government” or “State”	the government of the PRC, including government departments at all levels (including provincial, municipal and other regional or local governmental agencies)

DEFINITIONS

“Price Determination Date”	the date, expected to be on or around December 15, 2012 but no later than December 18, 2012, on which the Offer Price is to be fixed for the purposes of the Global Offering
“Promoters”	the promoters of our Company, namely, SINOMACH and China United
“Prospectus”	this prospectus being issued in connection with the Hong Kong Public Offering
“R&D”	research and development
“Regulation S”	Regulation S under the US Securities Act, as amended from time to time
“Reorganization”	the reorganization undergone by our Group in preparation for Listing as described in the section headed “History and Reorganization – Reorganization” in this Prospectus
“Reorganization Agreement”	the agreement dated May 30, 2011 entered into between SINOMACH and us in respect of the Reorganization
“Restructuring”	the restructuring of our International Engineering Contracting Business and Trading Business in the Sanctioned Countries by terminating all ongoing and future business therein
“RMB” or “Renminbi”	the lawful currency of the PRC
“SAFE”	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“Sanctioned Countries”	the countries against which the US and other jurisdictions impose comprehensive economic sanctions, and in the context of this Prospectus, refer to Cuba, Sudan, Iran and Syria
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council of the PRC (中華人民共和國國務院國有資產監督管理委員會)
“SAT” or “State Administration of Taxation”	State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, including our Domestic Shares and H Shares

DEFINITIONS

“Shareholder(s)”	holder(s) of our Share(s)
“SINOMACH”	China National Machinery Industry Corporation (中國機械工業集團有限公司), a state-owned enterprise established in the PRC on May 21, 1988, our Controlling Shareholder and Promoter who directly and indirectly owns 100% equity interest in our Company as at the date of this Prospectus
“SINOMACH Group”	SINOMACH and its subsidiaries, which excludes our Group
“SINOMACH Subsidiaries”	the subsidiaries of SINOMACH, which excludes our Group
“Sinosure”	China Export & Credit Insurance Corporation (中國出口信用保險公司), a policy-oriented insurance company specializing in export credit insurance in the PRC and an independent third party
“Sole Global Coordinator” or “Sole Sponsor”	BOCI
“Special Regulations”	Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (國務院關於股份有限公司境外募集股份及上市的特別規定), promulgated by the State Council on August 4, 1994, as amended, supplemented or otherwise modified from time to time
“Stabilizing Manager”	BOCI
“State Council”	State Council of the PRC (中華人民共和國國務院)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited (香港聯合交易所有限公司)
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“SUMEC”	SUMEC Group Corporation (江蘇蘇美達集團公司), an enterprise established in the PRC in 1978 and is owned as to 80% by SINOMACH
“Supervisor(s)”	one (or all) of our Company’s supervisors
“Supervisory Board”	the supervisory board of our Company
“SZSE”	Shenzhen Stock Exchange (深圳證券交易所), a self-regulated legal entity established on December 1, 1990 and supervised by CSRC
“Track Record Period”	the three years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2012

DEFINITIONS

“Trading Business”	the international trading business conducted by our Group
“UN”	the United Nations
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“United States” or “US”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“United States dollars” or “US dollars” or “US\$”	United States dollars, the lawful currency of the United States
“US Securities Act”	the US Securities Act of 1933, as amended, and the rules and regulations promulgated under it
“White Form eIPO”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website of White Form eIPO at <u>www.eipo.com.hk</u>
“White Form eIPO Service Provider”	Computershare Hong Kong Investor Services Limited
“World Bank”	The World Bank Group, established in 1944 and headquartered in Washington, D.C., an institution with 188 member states as at the Latest Practicable Date, providing financial and technical assistance to developing countries around the world
“XAF”	Central African franc which is the currency of six independent states in central Africa being the Republic of Cameroon, Central African Republic, the Republic of Chad, the Republic of Congo, the Republic of Equatorial Guinea and the Republic of Gabon

In this Prospectus:

- The English names of the PRC nationals, enterprises, entities, departments, facilities, certificates, titles and the like are translation of their Chinese names and are included for identification purposes only. In the event of inconsistency between the Chinese names and their English translations, the Chinese names shall prevail; and
- “We”, “us” and “our” refer to our Company or our Group (as the case may be).