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The operation of the Group has been and will continue to be subject to the governance of the laws and regulations of China. The relevant laws and regulations are promulgated and implemented by government departments of China, including national and local laws and regulations in respect of the stevedoring, stacking, storage, transportation and other related business as well as port-related value-added services of port cargoes such as coal, oil products, liquid chemicals, ore, other general cargoes and containers. This section contains a summary of the existing regulatory and legal requirements in relation to the operation of the Group. The laws and regulations are subject to changes and the Group is unable to predict the impacts of the changes to our operation and the additional costs of compliance. After reasonable enquiries, the Directors confirm that the Group has not materially violated any laws and regulations as at the Latest Practicable Date, and during the Track Record Period, the Group has complied with all applicable laws and regulations in all material respects in the places of its operations. After reasonable enquiries, the Directors confirm that the Group has obtained all necessary licences, permits and certificates for its operations.

Major regulatory authorities

The regulatory authorities of port operation, sea and water transportation in China

Ministry of Transport — the transportation administrative body under the State Council

Pursuant to the *Port Law of the People's Republic of China* (《中華人民共和國港口法》) (the “*Port Law*”) effective from January 1, 2004, all ports in China are under the administration of the Ministry of Transport of the State Council.

Pursuant to the *Maritime Code of the People's Republic of China* (《中華人民共和國海商法》) effective from July 1, 1993, sea transportation is under the administration of the Ministry of Transport of the State Council.

Pursuant to the *Regulations of the People's Republic of China on International Ocean Shipping* (《中華人民共和國國際海運條例》) (the “*Ocean Shipping Regulations*”) effective from January 1, 2002, the Ministry of Transport of the State Council and its local offices are responsible for the supervision and management of international sea transportation and the related international economic activities.

According to the *Functions, Structure and Establishment of the Ministry of Transport* (《交通部職能配置、內設機構和人員編製規定》) (the “*Functions of the Ministry of Transport*”) issued by the General Office of the State Council on June 18, 1998, the *Notice of the Proposed Restructuring of the State Council* pursuant to a Resolution passed at the First Meeting of the 11th National Congress (the “*Proposed Restructuring of the State Council*”) issued on March 15, 2008 by the National Congress, the *Notice on the Structure and Establishment of the Ministry of Transport* (《國務院辦公廳關於印發交通運輸部主要職責內設機構和人員編製規定的通知》) (the “*Notice on the Structure of the Ministry of Transport*”) issued on March 2, 2009 by the General Office of the State Council and the *Notice of the Proposed Changes in the Structure and Functions of the State Council* pursuant to a Resolution passed at the First Meeting of the 12th National Congress (the “*Proposed Changes of the State Council*”) issued on March 14, 2013 by the National Congress, the railway system, land transportation, water transportation and aviation are under the administration of the Ministry of Transport of the State Council.

Local authorities of port management

According to the *Port Law* and the *Regulations for the Operation of Ports* with effect from March 1, 2010, The administration by the local people's government of the ports within its own jurisdiction shall be determined in accordance with the provisions of the State Council on port administration system. The department for the specific administration of ports, which is determined by the people's government of a province, autonomous region or municipality directly under the Central Government, or the people's government of a city (prefecture) divided into districts or a county where a port is located, shall be responsible for the administration of port operations. The existing provincial port administrative management department of the Company is the Port Management Bureau under the Transport Department of Hebei.

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Marine Department of the People's Republic of China – a government agency under the direct administration of the Ministry of Transport

According to the *Functions of the Ministry of Transport, Proposed Restructuring of the State Council*, the *Notice on the Structure of the Ministry of Transport* and the *Proposed Changes of the State Council*, the Port Management Department and Ship Inspection Department were merged to establish the Marine Department which is under the direct administration of the Ministry of Transport and is responsible for the safety of water transportation, prevention of pollution by ships, ship and marine facilities inspection and sea security. According to the *Notice on the Establishment of Marine Department under the Ministry of Transport* (《國務院辦公廳關於印發交通部直屬海事機構設置方案通知》) issued by the General Office of the State Council on September 26, 1999, the Ministry of Transport has also established local offices of the Marine Department and their branch offices. The local regulatory authority of the Company is Qinhuangdao Marine Bureau.

Water Transport Department of the Ministry of Transport

According to the *Functions of the Ministry of Transport, the Proposed Restructuring of the State Council* and the *Notice on the Structure of the Ministry of Transport*, the Ministry of Transport has established the Water Transport Department to manage the domestic and international water transportation, port operation, vessel agency, freight and other water transportation related businesses.

Railway Department of the Ministry of Transport

According to the *Railway Law of the People's Republic of China* (《中華人民共和國鐵路法》) (the "Railway Law") which took effect on May 1, 1991, the *Proposed Restructuring of the State Council* and the *Proposed Changes of the State Council*, the Ministry of Transport has established the Railway Department to determine the technical standards of railway system and to supervise the safety and quality of railway transport and the construction of railway.

Road Transport Bureau of the Ministry of Transport

According to the *Road Transport Regulations of the People's Republic of China* (《中華人民共和國道路運輸條例》) (the "Road Transport Regulations") effective from July 1, 2004 and subsequently amended on November 9, 2012, the *Functions of the Ministry of Transport, the Proposed Restructuring of the State Council* and the *Notice on the Structure of the Ministry of Transport*, the Ministry of Transport has established the Road Transport Bureau to manage the road transport industry.

Laws and regulations for development of ports

Regulations relating to the use of sea

In order to use sea for construction of port facilities, an entity or individual shall apply to the relevant authority in accordance with the *Law of the People's Republic of China on the Administration of the use of Sea* (《中華人民共和國海域使用管理法》) effective from January 1, 2002 or shall be acquired by tender or auction. The right to use sea shall be evidenced by a certificate of sea use right which shall be issued against payment of sea use right fee.

Regulations relating to the use of coastline

According to the *Port Law* and the *Measures for the Approval and Administration of the Use of Coastline for Ports* (《港口岸線使用審批管理辦法》) which took effect on July 1, 2012, construction of port facilities including berths within the overall port planning zone which use the coastlines shall obtain approval for the use of coastline according to PRC laws. The Ministry of Transport is responsible for the administration of coastlines for ports in the PRC as well as the approval for the use of deep-water

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coastlines jointly with the National Development and Reform Commission. The construction of port facilities which use non deep-water coastal lines requires the approval of port administrative authorities. The relevant procedures for the grant of approvals for the use of coastlines for ports shall be conducted by the port administrative authorities under the people's governments of county level or above according to PRC laws. Permits for the use of coastlines for ports or the confirmation of the Ministry of Transport on the use of coastlines for ports shall be obtained before the grant of preliminary permits for the design and construction of port facilities which use the coastlines. However, projects approved and permitted by the State Council or the National Development and Reform Commission shall not be subject to further approval procedures for the use of coastal lines upon consultation with the Ministry of Transport regarding the use of coastlines for the construction projects.

Environment impact assessment of construction projects

According to the *Environmental Protection Law of the People's Republic of China* (《中華人民共和國環境保護法》) which took effect on December 26, 1989, the *Environmental Impact Assessment Law of the People's Republic of China* (《中華人民共和國環境影響評價法》) which took effect on September 1, 2003 and the *Regulations Governing Environmental Protection in Construction Projects* (《建設項目環境保護管理條例》) which took effect on November 29, 1998, construction, renovation, expansion and technology innovation projects shall undergo environmental impact assessment. Facilities for the prevention and treatment of pollution shall be designed, constructed and put into operation simultaneously with the major construction works. Such facilities shall pass the inspection of the environmental protection administrative authorities before the commencement of production or operation of the projects.

Regulations relating to the approval of construction projects

According to the *Port Law* and the *Regulations on the Administration of Port Planning* (《港口規劃管理規定》) which took effect on February 1, 2008, any enterprise, unit and individual engaging in the investment, construction and operation of ports, berths and related facilities which involve port planning shall accept the supervision and inspection of and report the relevant situations with supporting documents and information to the ports administrative authorities according to PRC laws. In case of any material difference between the functions and locations of the ports to be constructed and the overall port planning, approval and verification of the port construction projects may only be conducted after the overall port planning is revised or adjusted according to the prescribed procedures if the overall planning requires to be changed according to the construction proposal upon specific investigations.

According to the *Decisions of the State Council Concerning the Reform of Investment System* (《國務院關於投資體制改革的決定》) issued on July 16, 2004 by the State Council and the *Circular on Strengthening and Regulating the Administration of Newly Commenced Projects* (《國務院辦公廳關於加強和規範新開工項目管理的通知》) issued on November 17, 2007 by the General Office of the State Council, enterprises engaged in port construction shall comply with the industrial policy, development and construction plans, land supply policy and market entry criteria, and obtain the approval or complete the registration formalities with the approval or registration administrative authorities including the Development and Reform Commission. Site selection and layout of the projects within the planning zone shall comply with the urban and rural planning and relevant planning permit shall be obtained in accordance with the *Urban and Rural Planning Law of the People's Republic of China* (《中華人民共和國城鄉規劃法》). For projects requiring the use of lands, land use permits shall be obtained according to PRC laws and the contract on the lease of the right to use state-owned land or the state-owned land allocation decision document shall be signed or obtained. Land use rights for investment projects for industrial use, commercial use, tourism, entertainment and commodity residential purposes shall be obtained through tenders, auction or listing-for-sale. Approval for the environment impacts assessment shall be obtained according to the provisions on the classified administration and examination of the environmental impact appraisals. Assessment and examination of energy conservation of investment in the fixed assets according to the regulations shall be

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conducted. According to the *Construction Law of the People's Republic of China* (《中華人民共和國建築法》) and *Provisions on the Administration of Port Construction* (港口建設管理規定), construction entities shall obtain the approvals and complete the registration relating to the design and commencement of construction and adopt measures to ensure the quality and safety of project construction prior to the commencement of port construction. Upon the completion of construction, the ports shall pass the completion examination before delivery and commencement of operation and fulfill other relevant requirements according to the laws and regulations of the PRC.

Regulations relating to the completion of port construction projects

In accordance with the *Measures for Acceptance and Inspection for the Completion of Port Projects* (《港口工程竣工驗收辦法》) which took effect on June 1, 2005, construction entities of ports shall complete the registration for the trial operation of ports with the local port administrative authorities of where the ports locate. The trial operation period shall commence from the date of registration for the trial operation of the port. Upon the expiry of the trial operation period, application for the inspection and acceptance of the ports shall be submitted to the local port administrative authorities of where the ports locate and registration for the inspection and acceptance of ports shall be filed.

Laws and regulations for port operations

Port operations

Enterprises engaged in the operation of ports and other port facilities, transportation services to port passengers, loading and unloading, lighterage, warehousing of goods, port tugboats and cargo handling services within the port areas, shall obtain the Business Licence for Port Operations from the bureau of transport or administrative authorities of ports in compliance with the *Port Law* and the *Regulations for the Operations of Ports* and complete the registration with the administrative bureaus for industry and commerce.

Operation of dangerous goods at ports

In addition to the requirements of port operations under the *Regulations for the Operations of Ports*, port operators engaged in the operation of dangerous goods at ports shall also comply with the *Regulations on the Safety Management of Hazardous Goods at Ports* (《港口危險貨物安全管理規定》) which took effect on February 1, 2013 to apply for the certification of the operation of dangerous goods at ports from the administrative authorities of ports and obtain the Permit for Handling Hazardous Goods at Ports (港口危險貨物作業附證).

Security of port facilities

In accordance with the *Rules on Securities for Port Facilities of the People's Republic of China* (《中華人民共和國港口設施保安規則》) which took effect on March 1, 2008, port operators providing securities services for passenger ships of international routes, cargo vessels of 500 metric tonnes or above, vessels for special use of 500 metric tonnes or above or mobile offshore drilling platform shall obtain the Statement of Compliance of a Port Facility (港口設施保安符合證書) from the Ministry of Transport.

Hazardous chemicals storage business

In accordance with the *Regulations on the Safety Administration of Hazardous Chemicals* (《危險化學品安全管理條例》) which took effect on December 1, 2011, enterprises engaged in the operations of hazardous chemicals, explosive chemicals and other dangerous chemicals and equipped with Storage facilities shall obtain the Hazardous Chemical Business License (危險化學品經營許可證) from the production safety administrative authorities of the local municipal people's governments and complete the registration with the administrative bureaus for industry and commerce. Port operators which have obtained the Business License for Port Operations according to the *Port Law* may engage in the hazardous chemicals storage business within the port areas without obtaining the Hazardous Chemical Business License.

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Refined oil storage business

In accordance with the *Administrative Measures on Refined Oil Products Market* (成品油市場管理辦法) which took effect on January 1, 2007 and the *Circular of the Ministry of Commerce, the State Administration for Industry and Commerce and the State Administration of Taxation on Replacing Business License of Refined Oil and Establishing the Supervision Information Exchange Mechanism on the Market of Refined Oil* (《商務部、國家工商行政管理總局、國家稅務總局關於更換成品油經營證書和建立成品油市場監管信息交換制度的通知》) issued by the Ministry of Commerce, the State Administration for Industry and Commerce and the State Administration of Taxation on December 30, 2003, enterprises engaged in the storage business of refined oil, including gasoline, coal oil, diesel and other alternative fuel such as ethanol and biodiesel which meet the national product quality standard with the same functions shall apply to the Ministry of Commerce and obtain the Business Licence for the Storage of Refined Oil (《成品油倉儲經營批准證書》) before commencing the activities in refined oil storage business within the approved scope of business.

Marine transportation services

Enterprises engaged in waterway transportation business in the coastal area, rivers, lakes and other navigable waters in the PRC shall comply with the *Regulations for the Administration of Maritime Transport of the PRC* (《國內水路運輸管理條例》) which took effect on January 1, 2013, the *Implementation Rules for the Regulations for the Administration of Maritime Transport* (《水路運輸管理條例實施細則》) which took effect on June 4, 2009, the *Provisions for the Administration of Maritime Transport Service of the People's Republic of China* (《中華人民共和國水路運輸服務業管理規定》) which took effect on April 20, 2009, the *Rules for Domestic Maritime Transportation of Goods* (《國內水路貨物運輸規則》) which took effect on January 1, 2001, the *Regulations for the Administration of Qualification for the Domestic Maritime Transport Operations* (《國內水路運輸經營資質管理規定》) which took effect on August 1, 2008 by obtaining the Maritime Transport Services Permit (水路運輸服務許可證).

Enterprises engaged in activities of inbound and outbound international maritime transport operations and ancillary activities at PRC ports, including the operation of international shipping agencies, international vessel management, loading and unloading of international shipments, international maritime goods warehousing and international maritime container freight station and container yard, shall comply with the *Ocean Shipping Regulations* and the *Implementation Rules of the People's Republic of China on International Ocean Shipping* (《中華人民共和國國際海運條例實施細則》) which took effect on March 1, 2003.

Cargo forwarding business for dangerous goods by railway

Enterprises engaged in the forwarding of dangerous goods by railway shall comply with the *Railway Law*, the *Regulations on Protecting the Railway Transport Safety* (《鐵路運輸安全保護條例》) which took effect on April 1, 2005, the *Regulations on the Safety Administration of Hazardous Chemicals* which took effect on December 1, 2011, the *Interim Provisions for the Qualification Examination of Cargo Forwarders of Dangerous Goods by Railway* (《鐵路危險貨物託運人資質審查暫行規定》) which took effect on April 1, 2002 and the *Measures for the Certification of Cargo Forwarders of Dangerous Goods by Railway* (《鐵路危險貨物託運人資質許可辦法》) which took effect on April 1, 2005 by obtaining the Certification of Cargo Forwarders of Dangerous Goods by Railway (鐵路危險貨物託運人資質證書) from the competent railway administrative authorities.

Road transportation and stations business

Enterprises engaged in road transportation and stations operations shall comply with the *Road Transport Regulations* and the *Regulations for the Administration of Road Cargo Transportation and Stations* (《道路貨物運輸及站場管理規定》), which took effect on August 1, 2005 and subsequently amended on March 14, 2012, by obtaining the Road Transportation Operation Permit (道路運輸經營許可證) from the road transportation administrative authorities.

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Laws and regulations for port charges

In accordance with the *Port Charge Rules (Foreign Trade) of the Ministry of Transport of the People's Republic of China* (《中華人民共和國交通部港口收費規則(外貿部分)》), which took effect on April 29, 1997 and subsequently amended on December 24, 2001, ports in the PRC shall charge port tariffs on vessels of international routes and international import and export shipments. In accordance with the *Port Tariff on Containers of International Routes* (《國際航綫集裝箱港口收費辦法》), which took effect on January 1, 1992, port tariffs shall be imposed on containers of international routes entering and leaving the ports in China.

In accordance with the *Port Charge Rules of the People's Republic of China (Domestic Trade)* (《中華人民共和國港口收費規則(內貿部分)》) which took effect on August 1, 2005, coastal ports and ports along the main routes of the Yangtze River and the Heilongjiang water system (excluding ports in Jilin Province) in the PRC shall charge port tariffs on vessels of domestic routes and imported and exported cargoes and containers in domestic trade (unless otherwise regulated). For coastal ports and ports along the main routes of the Yangtze River, port tariffs shall be chargeable on the containers (i.e. international standard containers) in domestic trade entering and leaving such ports according to the *Measures for the Collection of Port Fees on Containers Carried by Inland Maritime Transport* (《國內水路集裝箱港口收費辦法》) which took effect on April 20, 2000.

Laws and regulations for customs, import and export

In accordance with the *Foreign Trade Law of the People's Republic of China* (《中華人民共和國對外貿易法》) which took effect on July 1, 2004, the *Rules for Filing and Registration Procedures of Foreign Trade Operators* (《對外貿易經營者備案登記辦法》) which took effect on July 1, 2004, the *Notice of the Ministry of Commerce on the Relevant Issues about the Filing and Registration of Foreign Trade Operators* (《商務部關於對外貿易經營者備案登記有關問題的通知》) issued by the Ministry of Commerce on January 10, 2008, and the *Notice of the Ministry of Commerce on the Relevant Issues on Further Delegating the Filing and Registration of Foreign Trade Operators* (《商務部關於進一步下放對外貿易經營者備案登記工作有關問題的通知》) issued by the Ministry of Commerce on January 23, 2009, enterprises engaged in the import and export of goods or technology shall complete the filing and registration procedures with the Ministry of Commerce or its authorized agencies and obtain the Foreign Trade Operator Registration Certificates (對外貿易經營者備案登記表).

In accordance with the *Provisions of the Customs of the People's Republic of China for the Administration of Registration of Declaration Entities* (《中華人民共和國海關對報關單位註冊登記管理規定》) which took effect on June 1, 2005, any legal persons, other organizations and individuals which engage in direct import or export of goods within the customs territory of the PRC according to PRC laws shall register at the local customs office, and obtain the Declaration Registration Certificate for Consignee or Consignor of Import or Export Goods issued by the Customs of the People's Republic of China (中華人民共和國海關進出口貨物收發貨人報關註冊登記證書).

Laws and regulations for environmental protection

In accordance with the *Environmental Protection Law*, the *Marine Environmental Protection Law of the People's Republic of China* (《中華人民共和國海洋環境保護法》) which took effect on April 1, 2000, the *Law on the Prevention and Control of Water Pollution of the People's Republic of China* (《中華人民共和國水污染防治法》) which took effect on June 1, 2008, the *Law on the Prevention and Control of Air Pollution of the People's Republic of China* (《中華人民共和國大氣污染防治法》) which took effect on September 1, 2000, the *Law on the Prevention and Control of Solid Waste Pollution of the People's Republic of China* (《中華人民共和國固體廢物環境污染防治法》) which took effect on April 1, 2005 and the *Law on the Prevention and Control of Noise Pollution of the People's Republic of China* (《中華人民共和國噪聲污染防治法》) which took effect on March 1, 1997, enterprises which may cause environmental pollution and other public hazards shall adopt effective measures to prevent and control the pollution and damage to the environment caused by waste gas, sewage, waste residues, dust, malodorous gases, radiation, noise, vibration and electromagnetic radiation generated during the production, construction and other activities.

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Laws and regulations for production safety

In accordance with the *Production Safety Law of the People's Republic of China* (《中華人民共和國安全生產法》), which took effect on November 1, 2002 and subsequently amended on August 27, 2009, and other laws and regulations relating to production safety, production enterprises shall strengthen the management of production safety, establish and develop production safety accountability system and maintain safe production facilities to ensure production safety. Education and trainings for production safety shall be provided for employees so to ensure that they are equipped with the necessary knowledge of production safety, sufficient understanding of the relevant rules and regulations of safe production and operations and skills for safe operations of their respective positions.

Laws and regulations for labor protection

In accordance with the *Labor Law of the People's Republic of China* (《中華人民共和國勞動法》), which took effect on July 5, 1994, and the *Labor Contract Law of the People's Republic of China* (《中華人民共和國勞動合同法》), which took effect on January 1, 2008 and subsequently amended on December 28, 2012, labor contracts in written form shall be executed to establish labor relationships between employers and employees. Employers shall establish and develop labor rules, regulations and systems according to PRC laws to protect the rights and ensure the performance of duties of employees, and career development and training systems shall be formed. Employers shall also set up and develop the labor safety and health system in strict compliance with the regulations and standards of labor safety and sanitation of the PRC and provide education on labor safety and sanitation for the employees to prevent work-related accidents and occupational harm. Necessary articles for labor protection in compliance with the labor safety and health requirements shall be provided to employees and regular health examination for employees engaged in work with occupational hazards shall be conducted.

In accordance with the *Law of Social Insurance of the People's Republic of China* (《中華人民共和國社會保險法》) which took effect on July 1, 2011, the *Interim Regulation on the Collection and Payment of Social Insurance Premiums* (《社會保險費徵繳暫行條例》) which took effect on January 22, 1999, the *Decision of the State Council on the Establishment of Basic Medical Insurance System for Urban Workers* (《國務院關於建立城鎮職工基本醫療保險制度的決定》) promulgated by the State Council on December 14, 1998, the *Decisions of the State Council on the Establishment of Unified System of Basic Retirement Insurance Fund for the Employees of Enterprises* (《國務院關於建立統一的企業職工基本養老保險制度的決定》) promulgated by the State Council on July 16, 1997, the *Regulations of Insurance for Work-Related Injury* (《工傷保險條例》) which took effect on January 1, 2004 and subsequently amended on December 20, 2010, the *Regulations of Insurance for Unemployment* (《失業保險條例》) which took effect on January 22, 1999, the *Provisional Insurance Measures for Maternity of Employees* (《企業職工生育保險試行辦法》) which took effect on January 1, 1995 and the *Regulations on Management of Housing Provident Fund* (《住房公積金管理條例》) which took effect on April 3, 1999 and subsequently amended on March 24, 2002, employers shall make payments of the basic medical insurance, basic retirement insurance, insurance for work-related injury, unemployment insurance, maternity insurance and housing provident fund for the employees.