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### OVERVIEW

Our core businesses, namely the manufacturing and refurbishment of rolling stock, including locomotives, passenger coaches, freight wagons, MUs, rapid transit vehicles and railway machinery and equipment, are subject to relevant policies, laws and regulations of China and are under supervision of government authorities. Such laws, regulations and policies mainly govern the manufacture, sales and maintenance of rolling stock. In addition, all our business operations in China are subject to the laws and regulations regarding safety production, environmental protection, labor protection and intelligent property protection. Any violation of those laws and regulations may have an adverse impact on our business operation and future development.

#### *Major Regulatory Authorities*

- The State Council, which is the highest level of executive authority in China, is responsible for the examination and approval of certain industries and research and development projects under the “Encouraged Category” (鼓勵類) of the Guidance Catalogue for Industrial Structure Adjustment (產業結構調整指導目錄).
- The NDRC, which formulates and implements major policies concerning the economic and social development of China, examines and approves investment projects exceeding certain capital expenditure amounts or investment projects in specified industry sectors (including examination and approval of foreign investment projects), supervises reform of state-owned enterprises and formulates industrial policies and investment guidelines for all industries including the railway industry (such as the manufacturing of rolling stock).
- The MOT is responsible for the development of railway, highways, waterways and civil aviation for the construction of integrated transportation system.
- The Ministry of Environmental Protection PRC (formerly known as the State Environmental Protection Administration) supervises and controls environmental protection and monitors the national environmental system.
- The SASAC, which directly supervises CNRG, our controlling shareholder and a state-owned enterprise, also has an influence over our business.
- The NRA drafts the laws, regulations and rules regarding the supervision and management of railways, participates in the research on the development plans, policies and reforms of railway system, formulates and supervises the implementation of the technical standards of railways, supervises and manages the safety production of railways, formulates and implements the measures on the supervision and management of transportation safety, project quality and construction safety and equipment quality and safety of railways, and implements administrative license granted in accordance with laws.

### RESEARCH AND DEVELOPMENT, MANUFACTURE, SALES AND MAINTENANCE OF ROLLING STOCK

#### *Rail Vehicles*

In accordance with the Railway Law of the People’s Republic of China (中華人民共和國鐵路法) promulgated by the Standing Committee of the National People’s Congress (全國人民代表大會常務委員會) on 7 September 1990 and amended on 27 August 2009, the competent railway authority of the State Council shall supervise and enforce highly centralized management on the national railway system and formulate the guidelines for technology management of national railway systems.

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The Major Technical Policies of Railways (鐵路主要技術政策) promulgated by the MOR on 9 January 2013 and became effective on 1 February 2013 is the framework for the development of railway technology. All planning, rules, regulations, requirements and standards shall be formulated and amended according to this policy. The Major Technical Policies of Railways regulates the train speed, train schedules and weight of high-speed railway, heavy railway and passenger and freight railway, and sets forth the direction and standards for the development of the rail vehicles and electricity supply technology. This policy also strengthens the admittance standards of products mainly comprising the administrative approval and product certifications and refines the technology standards and standardized management of railway system.

In accordance with the Regulation on the Administration of Railway Safety (鐵路安全管理條例) promulgated by the State Council on 17 August 2013 and effective as at 1 January 2014, the design, manufacture, maintenance or imports of new rail vehicles shall comply with national standards and industrial standards and shall apply for model certificates, production license, maintenance license or import license with the railway regulatory authorities under the State Council pursuant to the specific measures formulated by the railway regulatory authorities under the State Council. The manufacture, maintenance and use of rail vehicles shall be in compliance with the laws, administrative regulations and other relevant rules regarding product quality and the relevant operators shall ensure the vehicles in use are in compliance with the safety requirements.

The Measures on Licensing of the Design, Manufacture, Maintenance and Importation of Rail Vehicles (鐵路機車車輛設計製造維修進口許可辦法) promulgated on 24 December 2013 and implemented on 1 January 2014 by the MOT, and the Implementation Rules on Licensing of the Design, Manufacture, Maintenance and Importation of Rail Vehicles (鐵路機車車輛設計製造維修進口許可實施細則) promulgated and implemented on 3 April 2014 by the NRA, provide that any design, manufacturing, maintenance or import of new models of rail vehicles (which include the mobile facilities, such as locomotives, MUs, passenger coaches and freight wagons, that directly undertake rail public transportation and inspection tasks; and automated special facilities, such as rail track vehicles, rescue cranes, track-laying vehicles, lifting (unit) vehicles, catenary railcars and large road maintenance machines, that operate on rail and undertake construction, maintenance and rescue, as stipulated under the category of licensing rail vehicles which is formulated, adjusted and promulgated by the NRA) must obtain a model certificate, production license, repair certificate, or importation certificate from the National Railway Administration. For enterprises engaged in the design of new models of rail vehicles, a model certificate shall be obtained. For products with a model certificate, a production license must be obtained by the producer before commercial production commences. For any enterprise engaged in rail vehicle repair business, a repair certificate must be obtained before its repair business starts to operate. For the import of new models of rail vehicles, the domestic importer shall obtain an importation certificate before the operation of such products commences.

According to the Provisions on Strengthening Safety Regulation of LPG Tank Wagons (關於加強液化氣體鐵路罐車安全監管工作的規定) promulgated on 23 May 2006 and implemented on 1 November 2006, the manufacturing and repair units of LPG tank wagons shall obtain corresponding production and repair licenses, and the information on the manufacturing, repair and examination of LPG tanks shall be completed and qualified.

The Guidelines for Railway Technology Management (鐵路技術管理規程) promulgated on 1 July 2011 and implemented on 1 September 2011 by the MOR specify the basic requirements and standards

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for basic construction, products manufacturing, examination and delivery, usage and management and maintenance and repair of railways.

The National Railway Administration shall order any producer of rolling stock or other railway equipment that fails to recall defective products or fails to eliminate the defects in accordance with the Measures on the Certification of Railway Transportation Safety Equipment Manufacturing Enterprises (鐵路運輸安全設備生產企業認定辦法) promulgated on 1 April 2005 and implemented on 1 April 2005 by the MOR and Railway Safety Administrative Measures (鐵路安全管理條例) to rectify. A fine equivalent to 1% to 5% of the value of defective products will be imposed if the producer fails to rectify. If a traffic accident is caused by the defective product, a fine equivalent to 5% to 10% of the value of defective products will be imposed. The relevant licenses will be rescinded if serious accident is caused.

For further information about our licenses in accordance with the above laws and regulations, please refer to “Business—Licenses and Permits.”

### *Rapid Transit Vehicles*

Certain Opinions on Further Promoting Healthy Development of Urban Rail Rolling Stock Manufacturing Industry (關於進一步推進城市軌道交通裝備製造業健康發展的若干意見) promulgated and implemented on 6 December 2010 by the NDRC suggest the guiding concepts, basic principles, development targets, key missions and major measures to promote the healthy development of urban rail rolling stock manufacturing industry, and govern the tendering and bidding procedures of urban rail rolling stock.

The State Council issued the Guiding Opinions on Prioritizing the Development of Urban Public Transportation (國務院關於城市優先發展公共交通的指導意見) on 29 December 2012 which suggests to expedite the formulation of urban public transportation policy, improve the technical standard system, revise and optimize the construction standards of public transport infrastructure and govern the product standards of rail transport as well as public vehicles and electric locomotives.

According to the Opinions on the Promotion of Domestic Production of Rapid Transit Equipment (關於城市交通設備國產化的實施意見) promulgated by the State Development Planning Commission on 9 February 1999, and the Notice on Enhancing the Management of Construction of Rapid Transit System (關於加強城市快速軌道交通建設管理的通知) promulgated by the General Office of the State Council (國務院辦公廳) on 27 September 2003, only rapid transit projects with average domestic production rate of all railway vehicles and electromechanical equipment of any rapid transit project being no less than 70% will be approved. For projects using railway vehicle assembly equipment, traction transmission and control system, aluminum alloy vehicle materials and signal system, such equipments shall be acquired by way of tendering to national designated enterprises, while other electromechanical equipment shall be acquired by way of tendering in the domestic market.

The Rules on Approving the Purchase of Electromechanical Equipment for Urban Rapid Transit Construction Projects (城市軌道交通建設項目機電設備採購核定規則) promulgated and implemented on 1 October 2005 by the NDRC set forth the scope, organization, procedures, standards and responsibility for the purchase of electromechanical equipment for urban rapid transit construction projects so as to regulate the approval procedures for the procurement of electromechanical equipment for urban rapid transit construction projects approved by the NDRC.

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### ENVIRONMENTAL PROTECTION LAWS AND REGULATIONS

Environmental protection laws and regulations imposed on rolling stock manufacturers in China include the Environmental Protection Law of the People's Republic of China (中華人民共和國環境保護法) promulgated and became effective on 26 December 1989, the Prevention and Control of Atmospheric Pollution Law of the People's Republic of China (中華人民共和國大氣污染防治法) promulgated on 5 September 1987 and subsequently amended on 29 August 1995 and 29 April 2000, 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) promulgated on 11 May 1984 and subsequently amended on 15 May 1996 and 28 February 2008, the Prevention and Control of Environmental Pollution by Solid Waste of the People's Republic of China (中華人民共和國固體廢物污染環境防治法) promulgated on 30 October 1995 and revised on 29 December 2004 and 29 June 2013, and the Cleaner Production Promotion Law of the People's Republic of China (中華人民共和國清潔生產促進法) promulgated on 29 June 2002 and implemented on 1 January 2003. The types and severeness of sanctions enforced on entities which are in violation of environmental protection law depend on the seriousness of the pollution and the breach committed. These sanctions include warnings, penalties, remedies in a limited time period, cessation of operation or closure of business. The entities are also required to indemnify the parties which have suffered losses due to the pollution. Any person being held liable directly for any serious pollution incidents resulting in material losses of public or private property or casualties, shall be subject to criminal liabilities.

### LAWS AND REGULATIONS ON SAFE PRODUCTION

Rolling stock manufacturers in China are subject to the Safe Production Law of the People's Republic of China (中華人民共和國安全生產法) (the "**Safe Production Law**") and the Railway Security Management Regulation (鐵路安全管理條例). Relevant authorities of the State Council and local government authorities supervise and manage the safe production of construction works in their respective scope of administration according to the Safe Production Law and other applicable laws and administrative regulations.

### LABOR LAW

The relationship between employers and their employees as well as the entering, execution, modification, withdrawal and termination of labor contract are regulated by the Labor Law of the People's Republic of China (中華人民共和國勞動法) promulgated on 5 July 1994 and amended on 27 August 2009, the Labor Contract Law of the People's Republic of China (中華人民共和國勞動合同法) promulgated on 29 June 2007 and amended on 28 December 2012, and the Regulation on the Implementation of the Labor Contract Law of the People's Republic of China (中華人民共和國勞動合同法實施條例) adopted on 18 September 2008, and other major labor laws and regulations. The respective rights and obligations of all parties to labor contracts and the legal rights of employers and employees are specifically defined.

According to the Social Insurance Law of the People's Republic of China (中華人民共和國社會保險法) promulgated on 28 October 2010 and effective from 1 July 2011, the Interim Regulation of the Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例) adopted on 22 January 1999, and the Provisional Regulation on the Registration of Social Insurance (社會保險登記管理暫行辦法) adopted on 19 March 1999, employers are required to register their social insurance schemes and shall make contributions for the basic pensions, medical insurance, employment insurance, maternal insurance and labor insurance of their employees.

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According to the Regulation on the Management of Housing Provident Fund (住房公積金管理條例) promulgated on 3 April 1999 and amended on 24 March 2002, all entities in China are required to register their housing provident funds with the local housing provident fund management offices before the opening of provident fund accounts with designated banks. Any employer which hires employees is required to register with the relevant housing provident fund management office. The respective contributions to housing provident funds by the employers and their employees shall not be less than 5% of the average monthly income of the employee of the previous year.

### **PATENT AND REGISTERED TRADEMARK PROTECTION**

According to the Patent Law of the People's Republic of China (中華人民共和國專利法) and its implementation rules passed by the Standing Committee of the National People's Congress on 12 March 1984 and amended on 4 September 1992, 25 August 2000 and 27 December 2008, patents of invention, utility model and exterior design are entitled to legal protection. Only inventions and utility models which are original, creative and practicable shall be granted patents. For exterior design, patent will only be granted to new design, and there shall be no patent application from other unit or individual being submitted to the patent administrative department of the State Council before the relevant date of application and recorded in the patent document published after the date of application. The patents for invention, utility model and exterior design shall be valid for 20 years, 10 years and 10 years, respectively, commencing from the date of application.

According to the Trademark Law of the People's Republic of China (中華人民共和國商標法) and its implementation rules passed by the Standing Committee of the National People's Congress on 23 August 1982 and amended on 22 February 1993, 27 October 2001 and 30 August 2013, trademark shall be registered upon the approval of the Trademark Office. Registered trademarks include commodity trademarks, service trademarks, collective trademarks and certificate trademarks. Owners of the registered trademarks are entitled to the exclusive right to use the trademark with legal protection. A registered trademark shall be valid for ten years commencing from the date of registration. Any registered owner of the trademarks who desires to use the registered trademark continuously after the expiry date shall apply for the renewal of registration in accordance with laws within 12 months before the expiry date. Where no application has been filed within the said period, a grace period of six months may be allowed. The validity period for each renewal shall be ten years commencing from the next day after the expiry of the previous validity period.

### **DESCRIPTIONS OF SANCTIONS LAWS**

#### *United States*

U.S. laws and regulations impose economic sanctions against certain countries, include without limitation, Iran, Sudan, Cuba, Syria, Myanmar and North Korea, as well as persons specifically-designated for sanctions by the U.S. The term "person" used herein includes any individual or entity. Such laws and regulations, primarily administered by the U.S. Department of the Treasury's Office of Foreign Assets Control (the "OFAC"), generally apply to U.S. persons (e.g., U.S. citizens and permanent residents, entities incorporated in the U.S. and their non-U.S. branch offices, any person located in the territory of the U.S., and, in the case of Cuba and Iran sanctions, entities owned or controlled by the foregoing) and activities conducted in the U.S. or otherwise subject to U.S. jurisdiction. U.S. persons are prohibited from engaging in most direct or indirect activities or

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transactions with Sanctioned Countries and sanctioned persons, and are also prohibited from facilitating such activities or transactions. The U.S. has taken a number of recent steps to ease U.S. economic and trade sanctions against Myanmar, including: (i) a general license issued on 11 July 2012, authorizing the exportation of U.S. financial services to Myanmar and permitting the first new U.S. investment in Myanmar in 15 years; (ii) a general license issued on 16 November 2012 broadly authorizing the importation of Myanmar-origin goods (other than jadeite and rubies) into the U.S. for the first time in over ten years; and (iii) a general license issued on 22 February 2013 authorizing U.S. persons to conduct most transactions, including opening and maintaining accounts and conducting a range of other financial services, with four of Myanmar's major financial institutions. The OFAC regulations also prohibit the export and re-export of U.S. origin items from third countries to Iran, Sudan, and Cuba (with certain limited exceptions), and the U.S. Department of Commerce maintains a prohibition on the export and re-export of most U.S. origin items from third countries to North Korea and Syria.

U.S. laws, executive orders and regulations also target the activities of non-U.S. companies doing business with Iran in certain sectors, including the petroleum sector. The Iran Sanctions Act of 1996 (the "ISA") as amended by the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010, the Iran Threat Reduction and Syria Human Rights Act of 2012 (the "ITRA"), and other laws, among other things, authorizes the U.S. Department of State and the U.S. Department of the Treasury to impose sanctions on non-U.S. companies that undertake certain investments in, or provide certain goods, services or technology to, the Iranian petroleum sector. Executive Order 13590, effective 21 November 2011, authorizes the U.S. Department of State and the U.S. Department of the Treasury to impose sanctions on non-U.S. companies that knowingly provide goods, services, technology or support to Iran that could directly and significantly contribute to the maintenance or enhancement of Iran's ability to develop petroleum resources located in Iran or to the maintenance or expansion of Iran's domestic production of petrochemical products. The U.S. Department of State has stated in guidance published on its website that completion of contracts entered into prior to the effective date of Executive Order 13590 is not sanctionable, provided such contracts are not expanded, renewed or amended after 21 November 2011. Executive Order 13599, effective 6 February 2012, requires U.S. persons to block all property and interests in property of the government of Iran and all persons determined by the U.S. Department of the Treasury to be owned by, controlled by, or acting for or on behalf of any of those parties. Executive Order 13622, effective 31 July 2012, authorizes the U.S. Department of the Treasury to block all property and interest in property of any person determined to have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services in support of certain specified Iranian entities. OFAC's designation of Iranian and other entities and individuals under certain of these and other sanctions programs prohibits U.S. persons from any dealings directly or indirectly with these designated parties. Imposition of sanctions under these measures can have severe repercussions for non-U.S. companies, including prohibitions on transactions involving U.S. financial institutions, other U.S. persons, or any property subject to U.S. jurisdiction anywhere in the world. The U.S. authorities have imposed sanctions on non-U.S. companies under these sanctions laws.

The Iran Freedom and Counter-Proliferation Act of 2012 ("IFCA") further expanded U.S. sanctions on Iran and permits the President to sanction any person or entity that is determined to have knowingly engaged in the following activities on or after 1 July 2013: (i) selling, supplying, or transferring to or from Iran significant goods or services used in connection with the energy, shipping, or shipbuilding sectors of Iran; (ii) selling, supplying, or transferring, directly or indirectly, to or from

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Iran any precious metal; (iii) selling, supplying or transferring, directly or indirectly, to or from Iran graphite, raw or semi-finished metals such as aluminum and steel, coal, or software for integrating industrial processes if such materials are determined to be used by Iran for a prohibited activity, including to any Iranian person specifically sanctioned by OFAC; and (iv) insurance related services for a prohibited activity including to a specifically sanctioned Iranian person (as identified by OFAC). In addition, Executive Order 13645, issued on 3 June 2013 and effective as at 1 July 2013, implements certain sanctions under the IFCA and further expands sanctions on Iran, authorizing OFAC to impose sanctions on: (i) any person that has materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, an OFAC specifically sanctioned Iranian person; and (ii) any person that knowingly engaged in a significant transaction for the sale, supply, or transfer to Iran of significant goods or services used in connection with the automotive sector of Iran. The prohibitions set forth in Executive Order 13645 cover contracts entered into or any license or permit granted prior to 1 July 2013. On 20 January 2014, OFAC issued guidance (the “**OFAC Guidance**”) implementing the agreement reached by the U.S., United Kingdom, Germany, France, Russia, and China (“**P5+1**”) and Iran under the Joint Plan of Action (the “**Joint Plan**”). Under the Joint Plan, in return for Iran’s commitment to place meaningful limits on its nuclear program, the P5+1 committed to provide Iran with limited, targeted, and reversible sanctions relief for a six-month period, commencing on 20 January 2014 and ending on 20 July 2014 (the “**Joint Plan Period**”). The sanctions relief covers specified activities undertaken by non-U.S. persons engaged in transactions related to Iran’s petrochemical exports, certain trade in gold and precious metals with Iran, and the provision of goods and services to Iran’s automotive sector, among other sanctions relief. However, the OFAC Guidance makes clear that during the Joint Plan Period, OFAC will continue to vigorously enforce its sanctions against Iran, including taking action against persons who seek to evade U.S. sanctions. In addition, the U.S. Government retains the authority to revoke this limited sanctions relief at any time if Iran fails to meet its commitments under the Joint Plan.

### *European Union*

The E.U. also imposes economic sanctions against certain countries which include Iran, Iraq, Sudan, North Korea, Liberia, Zimbabwe, Syria and Myanmar. E.U. Sanctions apply to any person in the territory of the E.U., to any national of a Member State, entities incorporated under the law of a Member State, and activities conducted in or through the E.U. or otherwise subject to E.U. jurisdiction. E.U. sanctions regulations are directly applicable in the 28 Member States of the E.U. Under the E.U. sanctions regimes against the Sanctioned Countries, certain activities are either prohibited or need approval from the competent Member States’ authorities.

In general, E.U. sanctions may include arms embargoes, specific or general trade restrictions with certain countries (import and export restrictions), financial restrictions and travel bans. The sanctions may target countries as well as specific entities and/or individuals.

E.U. sanctions may further prohibit provision of technical assistance, training, and/or financing or financial assistance in support of prohibited activities, and knowing or intentional participation in activities which have the object or effect to circumvent the prohibitions.

A limited number of grandfather provisions apply, which allow the fulfillment of obligations under an agreement or contract concluded before the entry into force of E.U. sanctions or before a specific date as determined by the relevant E.U. regulations. Notification to or approval by national competent authorities may be required.

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Although the applicable rules are adopted at the E.U. level, the sanctioning of non-compliance with E.U. Sanctions is left to the Member States, subject to certain conditions. Under the different sanctioning mechanisms of the E.U. Member States, a violation of the E.U. sanctions regimes against the Sanctioned Countries may, in particular, constitute an administrative offence or a criminal offense and could be penalized by way of monetary penalties or imprisonment for criminal offenses.

E.U. sanctions against Iran (most recently Council Regulation (EU) No 267/2012 of 23 March 2012 and its amendments) are very wide ranging and prohibit or severely restrict (i) the export and import of specified goods (including “dual-use” goods), materials and technology; (ii) the supply of specified equipment to the Iranian oil and natural gas industries; (iii) the import, purchase or transport of crude oil, natural gas and petroleum products of Iranian origin or that have been imported from Iran, or the provision of financing or financial assistance related thereto; (iv) investing in Iranian oil and natural gas industries; (v) the transfer of funds to and from Iranian persons (individuals or entities), and certain financial services; and (vi) transport services. In addition, they require the freezing of all funds and economic resources belonging to, owned, held or controlled by specified individuals and entities, and prohibit making funds or economic resources available, directly or indirectly, to or for the benefit of those specified individuals or entities. Pursuant to the Joint Plan, the E.U. has agreed to suspend certain restrictive measures regarding Iran for a period of six months. This period started on 20 January 2014, and concerns, among other things, restrictions on the import of petrochemical products and trade with gold.

E.U. sanctions on Sudan comprise (i) an embargo on arms and related materiel; (ii) freezing of funds and economic resources and restrictions on travel for designated individuals; and (iii) a ban on provision of certain services related to weapons or to other military equipment, including financial assistance.

The E.U. sanctions on North Korea include (i) an embargo on arms and related materiel; (ii) restrictions on luxury goods and gold; (iii) restrictions on financial support for trade of arms and related materials and equipment; (iv) restrictions on admission and residence of sanctioned North Korean persons; (v) freezing of funds of listed persons; and (vi) a ban on making funds or economic resources available to listed individuals or entities.

Arms embargoes and other restrictions, particularly related to export of equipment used for internal repression, are also in place for Iraq, Liberia (including financial restrictions with regard to listed individuals and entities), Myanmar, Syria and Zimbabwe.

### *Australia*

Like the E.U., the Australian government imposes sanctions both to implement binding UNSC sanctions in Australian domestic law and on an autonomous basis following independent foreign policy decisions by the Australian government.

Generally, Australian sanctions apply to the actions of Australian companies or individuals regardless of the location of the conduct, and to the actions of foreign persons that occur, or have a result, wholly or partly in Australia or on board an Australian aircraft or ship.

Although the subject matter of Australian sanctions are specific to each sanctioned country, these sanctions broadly include the prohibition of trade in certain goods or services and restrictions imposed in relation to designated individuals or entities identified by the UNSC or Australian government. In addition to Australian U.N. Sanctions, the Australian government imposes sanctions on an autonomous basis against several countries.



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Australian Autonomous Sanctions with respect to Iran prohibit or restrict certain activities with respect to (i) arms or related materiel and other goods, such as precious metals; (ii) the Iranian nuclear industry, including dual-use goods; (iii) oil, gas and petrochemical industries; (iv) the finance industry; and (v) Iranian currency. In addition, Australian Autonomous Sanctions prohibit: (i) the use or dealing with the assets of, and the making available of assets to, a designated person or entity without authorization; (ii) unauthorized transactions of at least AU\$20,000 with a sufficient connection to Iran; and (iii) the travel of specified Iranians.

Australian Autonomous Sanctions with respect to Syria prohibit certain activities with respect to: (i) arms or related materiel; (ii) power generation; (iii) the Syrian oil, gas and petrochemical industries; (iv) the Syrian finance industry; (v) Syrian currency; (vi) designated luxury goods and precious metals; and (vii) designated goods ‘of particular concern’ (including materials, equipment for processing materials, chemicals, micro-organisms and toxins). The Australian government also imposes targeted financial sanctions and travel restrictions against designated persons and entities.

Australian Autonomous Sanctions with respect to North Korea prohibit: (i) the use or dealing with the assets of, and the making available of assets to, a designated person or entity without authorization; (ii) the entry or transit through Australia of North Korean nationals; and (iii) the entry into a port or place in Australia by a North Korean-flagged vessel.

Australian Autonomous Sanctions with respect to Myanmar prohibit: (i) the export of arms and related materiel to Myanmar and associated services; and (ii) the provision of certain services to Myanmar related to military activities.

Australian Autonomous Sanctions with respect to Zimbabwe prohibit or restrict certain activities with respect to: (i) arms or related material and associated services; (ii) certain services related to military activities; (iii) the use or dealing with the assets of, and the making available of assets to, a designated person or entity without authorization; and (iv) the travel of specified Zimbabweans.

### *United Nations*

UNSC sanctions against Iran target its nuclear and ballistic missile programs, arms export from Iran, certain types of conventional weapons, and freeze the assets of certain persons related to the foregoing. The UNSC has in effect an arms embargo with respect to Sudan, and also sanctions on specific entities and individuals. In addition, the UNSC has sanctions in effect with respect to North Korea, covering arms, weapons of mass destruction, certain other items, as well as sanctions on specific entities and individuals.

Our historical activities in Iran did not involve Iran’s nuclear or ballistic missile programs, arms export, weapons, or any persons subject to UNSC sanctions targeting Iran. Generally, UNSC sanctions only apply to United Nations Member States through their respective domestic legislation. Interpretation and enforcement of UNSC sanctions may differ among United Nations Member States.

### *Hong Kong*

Hong Kong has adopted various UNSC resolutions in relation to sanctions with respect to certain Sanctioned Countries into domestic legislation. These local laws apply to all persons in Hong Kong as well as to any person elsewhere who is both a Hong Kong permanent resident and a Chinese

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national, or a body incorporated or constituted under the law of Hong Kong. As our Company was registered under Part XI of the Predecessor Companies Ordinance, these local laws are applicable to the Company.

As mentioned above, our historical activities in Iran did not involve Iran’s nuclear or ballistic missile programs, arms exports, weapons, or any persons subject to UNSC sanctions targeting Iran.

### **APPROVAL OF OVERSEAS SHARE OFFER AND LISTING**

According to the Special Provisions of the State Council Concerning the Floatation and Listing Aboard of Stocks by Limited Stock 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) (adopted by the State Council on 4 August 1994), the Regulatory Guidelines in relation to the Document Submission and Review Procedure for Stocks Issuance and Overseas Listing by Joint Stock Companies (關於股份有限公司境外發行股票和上市申報文件及審核程序的監管指引) (promulgated by CSRC on 20 December 2012 and effective from 1 January 2013), joint stock companies established under the Company Law of the People’s Republic of China (中華人民共和國公司法) propose to offer their shares for listing overseas shall submit applications to the CSRC with all relevant documents required by the CSRC for approval.

See “Information about this Prospectus and the Global Offering—CSRC Approval” for details of the approval of the CSRC.