

This appendix contains a summary of laws and regulations in respect of taxation in the PRC and Hong Kong.

PRC TAXATION

The following is a discussion of certain PRC tax provisions relating to the ownership and disposal of H Shares purchased in connection with the Global Offering and held by the investors as capital assets. This summary does not purport to address all material tax consequences of the ownership of H Shares and does not take into account the specific circumstances of any particular investors. This summary is based on the PRC tax laws in effect as at the Latest Practicable Date, as well as on the Arrangement between Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) signed on 21 August 2006 and the Second Protocol to Arrangement between Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排第二議定書》) signed on 30 January 2008 and the third Protocol to Arrangement between Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排第三議定書》) signed on 27 May 2010 (collectively, the “Arrangements”), all of which are subject to change (or changes in interpretation), possibly with retroactive effect.

This discussion does not address any aspects of PRC taxation other than tax on dividends, capital tax, stamp duty, estate duty, income tax, value-added tax and business tax. Prospective investors are urged to consult their tax advisers regarding PRC, Hong Kong and other tax consequences of owning and disposing of H Shares.

TAXATION APPLICABLE TO THE SHAREHOLDERS

Taxation of Dividends

Individual Investors

According to the Individual Income Tax Law of China (《中華人民共和國個人所得稅法》) (the “Individual Income Tax Law”) promulgated on 10 September 1980, as amended on 31 October 1993, 30 August 1999, 27 October 2005, 29 June 2007, 29 December 2007 and 30 June 2011 and the Provision for Implementation of the Individual Income Tax Law (《中華人民共和國個人所得稅法實施條例》) (“Provision for Implementation”) promulgated on 28 January 1994, as amended on 19 December 2005 and 18 February 2008 and 19 July 2011, and the Provisional Regulations of China Concerning Questions of Taxation on Enterprises Experimenting with the Share System (《股份制試點企業有關稅收問題的暫行規定》) (the “Provisional Regulations”), dividends paid by PRC companies to individuals are ordinarily subject to a PRC withholding tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from a company in the PRC is normally subject to a withholding tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by an applicable tax treaty. However, the State Administration of Taxation, the PRC central government tax authority which succeeded the State Tax Bureau, issued, on 21 July 1993, a Notice of the State Administration of Taxation Concerning the Taxation of Gains on Transfer and Dividends from Shares (Equities) Received by Foreign Investment Enterprises, Foreign Enterprises and Foreign Individuals (Guo Shui Fa [1993] No. 45) (《國家稅務總局關於外商投資企業、外國企業和外籍個人取得股票(股權)轉讓收益和股息所得稅收問題的通知》) (the “Tax Notice”), which states that dividends

paid by a PRC company to foreign individuals with respect to shares listed on an overseas stock exchange (“Overseas Shares”), such as H Shares, were temporarily not subject to PRC withholding tax. However, the Tax Notice was repealed under the Announcement on the List of Fully and Partially Invalid and Repealed Tax Regulatory Documents (《關於公佈全文失效廢止、部分條款失效廢止的稅收規範性文件目錄的公告》) issued by the State Administration of Taxation on 4 January 2011.

Pursuant to the Notice on Matters Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 45 (Guo Shui Han [2011] No. 348) (《關於國稅發[1993] 045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011] 348號)) promulgated by the State Administration of Taxation recently, generally the PRC individual income tax at the rate of 10% is applicable to dividends paid by non-foreign invested enterprises which have had their public offering in Hong Kong to the individual holders of H Shares who are non-PRC nationals. For the individual holders of H Shares receiving dividends who are citizens from countries that have entered into income tax treaties with the PRC with the tax rates lower than 10%, non-foreign invested enterprises which have had their public offering in Hong Kong will apply on behalf of the such holders to seek entitlement of the lower preferential tax treatments, and upon approval by the tax authorities, the amounts which are over the withheld tax will be refunded. For the individual holders of H shares receiving dividends who are citizens from countries that entered into income tax treaties with the PRC with the tax rates higher than 10% but lower than 20%, non-foreign invested enterprises which have had their public offering in Hong Kong are required to withhold the tax at the agreed rates under the treaties, and no application procedures will be necessary. For the individual holders of H Shares receiving dividends who are citizens from countries without taxation agreements with the PRC or are under other situations, non-foreign invested enterprises which have had their public offering in Hong Kong are required to withhold the tax at the rate of 20%.

Enterprise

According to the Law of the People’s Republic of China on Enterprise Income Tax (《中華人民共和國企業所得稅法》) (amended on 16 March 2007 and effective from 1 January 2008, the “EIT Law”) and the Regulation on the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) effective from 1 January 2008, dividends paid by PRC companies to foreign enterprises (“overseas non-resident enterprises”), that do not have an office or establishment in China, or has an office or establishment in China but its income, including dividends and bonuses received, is not related to such office or establishment, are ordinarily subject to a PRC withholding tax levied at a tax rate of 10%. In accordance with the Notice of the State Administration of Taxation on the Issues concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H-share Holders Which Are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008] 897號)) effective from 6 November 2008, 10% withholding tax shall be imposed on the dividends paid by Chinese resident enterprises to H-share holders which are overseas non-resident enterprises. Such H-share holders are allowed to apply for tax rebate in accordance with the applicable tax treaties or arrangements, if any.

Tax treaties

According to the Arrangement between the Mainland China and Hong Kong for the Avoidance of Double Taxation on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) signed on 21 August 2006, the PRC government may impose tax on dividends payable by a PRC company to a Hong Kong resident, but such tax shall not exceed 10% of the gross amount of dividends payable, and in the case where a Hong Kong resident holds 25% equity interest or more in a PRC company, such tax shall not exceed 5% of the gross amount of dividends payable by the PRC company.

Taxation of Capital Gains

Individual investors. With respect to individual holders of H Shares, the Regulations for the Implementation of the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法實施條例》), issued on 28 January 1994 and amended on 19 December 2005, 18 February 2008 and 19 July 2011 stipulate that gains realized on the sale of equity shares would be subject to income tax at a rate of 20% on the gains, and empower the Ministry of Finance to formulate the rules for the taxation of individual income derived from transfer of stocks, which shall be approved by the State Council for implementation.

The “Circular on the Questions Concerning Tax on the Profit Earned by Enterprises with Foreign Investment, Foreign Enterprises and Individual Foreigners from the Transfer of Stocks (Stock Rights) and on Dividend Income” (Guo Shui Fa [1993] No. 45號) (《關於外商投資企業、外國企業和外籍個人取得股票(股權)轉讓收益和股息所得稅收問題的通知》, (國稅發[1993]45號)) issued by the State Administration of Taxation (the “Circular”) was repealed pursuant to the “Announcement on the List of Fully and Partially Invalid and Repealed Tax Regulatory Documents” (《關於公佈全文失效廢止、部分條款失效廢止的稅收規範性文件目錄的公告》). According to the Circular, individual foreigners who are holders of H shares are temporarily exempted from the PRC individual income tax in respect of the dividend paid by domestic enterprises which issued such H shares.

Pursuant to the “PRC Individual Income Tax Law” (《中華人民共和國個人所得稅法》), the “PRC Implementation Regulations of the Individual Income Tax Law” (《中華人民共和國個人所得稅法實施條例》), the “Notice of the State Administration of Taxation in relation to the Administrative Measures on Preferential Treatment Entitled by Non-residents under Tax Treaties (Tentative)” (Guo Shui Fa [2009] No. 124) (《國家稅務總局關於印發〈非居民享受稅收協定待遇管理辦法試行〉的通知》(國稅發[2009]124號)) (“Tax Treaties Notice”), other relevant laws and regulations and the relevant rules promulgated by the State Administration of Taxation, as the Circular has been repealed, it is confirmed that the Company shall withhold and pay the individual income tax in respect of the dividend received by the Individual H Shareholders from the Company. The Individual H Shareholders of the Company may be entitled to certain tax preferential treatments pursuant to the tax treaties between the PRC and the countries in which the Individual H Shareholders are domiciled and the tax arrangements between Mainland China and Hong Kong/Macau.

Enterprises. According to the EIT Law, a foreign enterprise which does not have an office or an establishment in China, or has an office or establishment in China but its income is not related to such office or establishment, should be subject to the enterprise income tax at a rate of 20% on the capital gains it obtained from PRC companies. The Regulation on Implementation of the Enterprises Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法實施條例》), which became effective on 1 January 2008, further stipulates that such tax rate is reduced to 10%. Such withholding tax may be reduced pursuant to an applicable treaty for the avoidance of double taxation.

Additional PRC Tax Considerations

Stamp Duty. In accordance with the Provisional Regulations of the People's Republic of China on Stamp Duty (《中華人民共和國印花稅暫行條例》) and the Detailed Rules for Implementation of Provisional Regulations of the People's Republic of China on Stamp Duty (《中華人民共和國印花稅暫行條例施行細則》) which became effective on 1 October 1988, the PRC stamp duty shall only be levied on documents, which have legal effects within the PRC and are protected under the PRC laws, executed or received within the PRC. The purchase and disposal of H Shares that take place outside PRC are not subject to the PRC stamp duty.

Estate duty. No liability for estate duty under the PRC laws will arise from non-Chinese nationals holding H Shares.

TAXATION APPLICABLE TO THE COMPANY**Income**

According to the EIT Law, the income tax for both domestic companies and foreign invested enterprises will be levied at the uniform rate of 25% except for certain income tax deductions prescribed by the EIT Law. However, the Notice of the State Council on the Implementation of Transitional Preferential Policies in Respect of Enterprises Income Tax (《國務院關於實施企業所得稅過渡優惠政策的通知》) issued on 26 December 2007 (the "ITPP Notice") provides some transitional preferential measures for enterprises established before the promulgation of the EIT Law which enjoy lower tax rates or regular tax reduction and exemption treatments under the previous tax laws and administrative regulations. According to the ITPP Notice, enterprises which enjoy lower tax rates will continue to enjoy a gradually increasing transitional income tax rate within five years after the EIT Law becomes effective. Enterprises entitled to enjoy regular tax reduction and exemption treatments under the previous income tax laws may continue to enjoy remaining incentives in accordance with the requirements and period specified by the previous income tax laws. However, for enterprises that have not made any profits and thus not enjoyed such preferential treatments, the period for enjoying preferential treatments shall be calculated from the year 2008. The ITPP Notice confirms that the preferential policies for western development program shall be carried out continuously after the EIT Law becomes effective. Enterprises may irrevocably choose to apply either transitional preferential policies or the preferential policies provided by the EIT Law, as the case may be.

Value-Added Tax

The Provisional Regulations of the People's Republic of China on Value Added Tax (《中華人民共和國增值稅暫行條例》), which became effective on 1 January 2009, and the Detailed Rules for Implementation of the Provisional Regulations of the People's Republic of China on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》), which was amended on 28 October 2011, apply to domestic enterprises and foreign invested enterprises that sell goods, provide processing or repair services or import goods in the PRC. Value-added tax ("VAT") payable is calculated as "output VAT" minus "input VAT". Input VAT payable by a company on purchases is recoverable out of the output VAT collected from its customers, and any excess of output VAT over input VAT paid is payable to the tax authority. The rate of VAT is 17%, provided that a rate of 13% is levied on certain specified categories of goods sold or imported.

Business Tax

According to the Provisional Regulations of The People's Republic of China on Business Tax (《中華人民共和國營業稅暫行條例》), which become effective on 1 January 2009, and the Detailed Rules for Implementation of the Provisional Regulations of The People's Republic of China on Business Tax (《中華人民共和國營業稅暫行條例實施細則》), which was amended on 28 October 2011, enterprises and individuals that provide various services and that assign intangible assets or sell real property in the PRC shall be subject to business tax at a rate ranging from 3% to 20%.

TAXATION IN HONG KONG**Tax on Dividends**

Under the current practice of the Hong Kong Inland Revenue Department, no tax is payable in Hong Kong in respect of dividends paid by the Company.

Taxation on gains from sale

No tax is imposed in Hong Kong in respect of capital gains from the sale of property such as the H Shares. However, trading gains from the sale of the property by persons carrying on a trade, profession or business in Hong Kong where such gains are derived from or arise in Hong Kong from such trade, profession or business will be chargeable to Hong Kong profits tax, which is currently imposed at the rate of 16.5% on corporations and at a maximum rate on individuals of 15%. Certain categories of taxpayers are likely to be regarded as deriving trading gains rather than capital gains (for examples, financial institutions, insurance companies and securities dealers) unless these taxpayers can prove that the investment securities are held for long-term investment. Trading gains from sales of H Shares traded on the Hong Kong Stock Exchange will be considered to be derived from or arising in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of H Shares traded on the Hong Kong Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

Stamp Duty

Hong Kong Stamp duty, currently charged at the ad valorem rate of 0.1% on the higher of the consideration for, or the market value of, the H Shares, will be payable by the purchaser on every purchase and by the seller on every sale of H Shares (in other words, a total of 0.2% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed duty of HK\$5 is currently payable on any instrument of transfer of H Shares. Where one of the parties to a transfer is resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If stamp duty is not paid on or before the due date, a penalty of up to ten times the duty payable may be imposed.

Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on 11 February 2006 in Hong Kong, pursuant to which estate duty ceased to be chargeable in Hong Kong in respect of the estates of persons dying on or after that date. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application for a grant of representation in respect of holders of H Shares whose deaths occur on or after 11 February 2006.