

TAXATION OF SECURITY HOLDERS

The following is a summary of certain PRC and Hong Kong tax consequences of the ownership of H Shares by an investor that purchases such H Shares in connection with the Global Offering and holds the H Shares 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, some of which may be subject to special rules. This summary is based on the tax laws of the PRC and Hong Kong as in effect on the date hereof, as well as on the *Agreement Between the U.S. and the PRC for the Avoidance of Double Taxation* (the “Treaty”), all of which are subject to change (or changes in interpretation), possibly with retroactive effect.

For purposes of this section of the prospectus, an “Eligible U.S. Holder” is any beneficial owner of H Shares that (i) is a resident of the United States for purposes of the Treaty, (ii) does not maintain a permanent establishment or fixed base in the PRC to which H Shares are attributable and through which the beneficial owner carries on or has carried on business (or, in the case of an individual, performs or has performed independent personal services) and (iii) who is not otherwise ineligible for benefits under the Treaty with respect to income and gain derived in connection with the H Shares.

This section of the prospectus does not address any aspects of Hong Kong or PRC taxation other than income tax, capital gains tax, stamp duty and estate duty. Prospective investors are urged to consult their tax advisors regarding the PRC, Hong Kong and other tax consequences of owning and disposing of H Shares.

PRC

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”), as amended on June 30, 2011 and effective on September 1, 2011, dividends paid by PRC companies are ordinarily subject to the individual income tax at a flat rate of 20%. However, the 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 (國家稅務總局關於外商投資企業、外國企業和外籍人士取得股票（股權）轉讓收益和股息所得稅問題的通知) (“Taxation Notice” (Guo Shui Fa [1993] No. 045)) was issued on July 21, 1993. Pursuant to the Taxation Notice, a PRC company is provisionally not subject to any individual income tax in respect of dividends paid to individuals on B Shares or overseas shares (e.g. H Shares) issued. However, the Taxation 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 January 4, 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 on June 28, 2011. After the repeal of document No. 45, the dividends and bonuses received by overseas resident individual shareholders from the stocks issued by domestic non-foreign invested enterprises in Hong Kong are subject to the payment of individual income tax, which shall be withheld by the withholding agents according to the section “interest, dividends and bonuses received” under the relevant laws. However, pursuant to the requirements of the Circular of Certain Issues on the Policies of Individual Income Tax (Cai Shui Zi [1994] No. 020) promulgated by the Ministry of Finance and the State Administration of Taxation (《財政部、國家稅務總局關於個人所得稅若干政策問題的通知》(財稅字[1994]020號)), for a foreign invested enterprise, the dividends and bonuses received by the overseas individuals from the foreign invested enterprises will be temporarily exempted from individual income tax, thereby, a domestic enterprise which has been approved and registered to be a foreign invested enterprise prior to the issue of overseas listing foreign shares is not required to withhold any individual income tax when distributing dividends to its overseas individual shareholders.

Enterprises. According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (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) with respect to taxes on income signed on August 21, 2006, the PRC Government may impose tax on dividends payable by a PRC company to a Hong Kong resident, but such tax shall be 10% of the gross amount of dividends payable, and in the case where a Hong Kong resident holds at least 25% equity interest in a PRC company, such tax shall be 5% of the gross amount of dividends payable by the PRC company.

According to the new EIT Law and the *Regulation on the Implementation of Enterprise Income Tax Law of the PRC* (中華人民共和國企業所得稅法實施條例) which both became effective on January 1, 2008, the non-resident enterprises shall be subject to 10% enterprise tax for the income originated from the PRC provided that the non-resident enterprises do not establish offices or premises in the PRC, or where there are offices and premises established, there is no connection between the dividends and bonuses received and the offices or premises established by the non-resident enterprises.

According to the *Notice Regarding Questions on Withholding Enterprise Income tax When PRC Resident Enterprises Distribute Dividends to Non-resident Enterprise Shareholders of H Shares* (Guoshuihan [2008] No. 897) (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) issued by the State Administration of Taxation, which became effective on November 6, 2008, PRC resident enterprises should withhold enterprise income tax at a rate of 10% when they distribute dividends to non-resident enterprise shareholders of H Shares from the year of 2008. The Response to Questions on Enterprise Income Tax over Dividend of B-Shares and Other Shares Received by Non-resident Enterprises (Guo Shui Han [2009] No. 394) (《關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》(國稅函[2009]394號)) issued by State Administration of Taxation on July 24, 2009 further provides that any PRC resident enterprise that publicly issues or lists shares (A shares, B shares or overseas shares) on stock exchanges in or outside the PRC should withhold enterprise income tax at a flat rate of 10% when distributing dividends to non-resident enterprise shareholders from the year of 2008. Non-resident enterprise shareholders entitled to preferential tax treatment shall make registration in accordance with the relevant provisions of the tax treaties.

Tax Treaties. Investors who do not reside in the PRC and reside in countries that have entered into the avoidance of double taxation treaties with the PRC may be entitled to a reduction of the withholding tax imposed on the payment of dividends to investors of our Company who do not reside in the PRC. The PRC currently has entered into the avoidance of double-taxation treaties with many nations in the world, which include but not limited to Australia; Canada; France; Germany; Japan; Malaysia; the Netherlands; Singapore; the United Kingdom; and the United States.

Taxation of Capital Gains

In accordance with the Individual Income Tax Law and *the Regulation on 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) (“Implementation Rules”), individuals are subject to individual income tax at the rate of 20% on gains realized on the sale of equity interests in PRC resident enterprises. The Implementation Rules also provide that the MOF shall draft measures for collection of individual income tax from income on the transfer of shares, and such measures are subject to the approval of the State Council. However, as of the Latest Practicable Date, no such measures have been drafted and enacted. Under the *Circular Declaring That Individual Income Tax Continues to Be Exempted over Income of Individuals from Transfer of Shares* (關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知) (Cai Shui Zi [1998] No. 61) issued by MOF and State Administration of Taxation on March 30, 1998, from January 1, 1997, income of individuals from the transfer of shares in listed enterprises continues to be exempted from individual income tax. After the latest amendment to the Individual Income Tax Law on June 30, 2011 and its Implementation Rules on July 19, 2011, the State Administration of Taxation has not stated whether it will continue to exempt from individual income tax income derived by individuals from the transfer of listed shares. However, on December 31, 2009, MOF, State Administration of Taxation and CSRC jointly issued the *Circular on Related Issues on Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation* (關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知) (Cai Shui [2009] No. 167), which states that individuals’ income from transferring listed shares on certain domestic exchanges shall continue to be exempted from the individual income tax, while individuals’ income from transferring restricted tradeable shares of listing companies are subject to individual income tax at the applicable rate of 20% (as defined in such Circular and its supplementary notice issued on November 10, 2010). As of the Latest Practicable Date, no legislation has expressly provided individual income tax shall be collected from non-Chinese resident individuals on the sale of shares in PRC resident enterprises listed on overseas stock exchanges, and in practice such tax has not been collected by the PRC tax authorities.

According to the new EIT Law and the *Regulation on the Implementation of Enterprise Income Tax Law of the PRC*, the non-resident enterprises shall be subject to 10% enterprise tax for the income originated from the PRC provided that the non-resident enterprises do not establish offices or premises in the PRC, or where there are offices and premises established, there is no connection between the gains received and the offices or premises established by the non-resident enterprises. Such withholding tax may be reduced pursuant to an applicable double taxation treaty.

Additional Chinese Tax Considerations

PRC Stamp Duty. PRC stamp duty is imposed only on entities who have executed or received taxable documents required under the PRC laws within the PRC according to the Provisional Regulations of the PRC on Stamp Duty (中華人民共和國印花稅暫行條例) (hereinafter referred to as “Provisional Regulations”) effective on October 1, 1988, pursuant to which, PRC stamp duty imposed on the transfer of PRC listed stocks under the Provisional Regulations should not apply to the acquisitions and dispositions by non-PRC investors of H Shares outside the PRC.

Estate Tax. No liability for estate tax under PRC law will arise from a non-PRC national’s holding of H Shares.

HONG KONG

Taxation 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 us.

Capital gains and profit tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of the H Shares. However, trading gains from the sale of H Shares 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 trading, will be chargeable to Hong Kong profits tax. Currently, profits tax is imposed on corporations at the rate of 16.5% and on unincorporated businesses at a rate of 15%. Gains from sales of the H Shares effected on the Hong Kong Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of H Share effected 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 will be payable by the purchaser on every purchase, and by the seller on every sale, of the H Shares. The duty is charged at the ad valorem rate of 0.1% of the consideration for, or (if greater) the value of, the H Shares transferred to or from each of the seller and purchaser. In other words, a total of 0.2% is currently payable on a typical sale and purchase transaction of H Shares. In addition, a fixed duty of HK\$5.00 is charged on each instrument of transfer (if required). Where a sale or purchase of the H Shares is effected by a person who is not a resident of Hong Kong and any stamp duty payable on the instrument of transfer is not paid, the relevant instrument of transfer (if any) shall be chargeable with such duty, together with the stamp duty otherwise chargeable thereon, and the transferee shall be liable to pay such duty. 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 February 11, 2006 in Hong Kong. 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 February 11, 2006.

TAXATION OF THE COMPANY IN THE PRC**Income Tax**

From January 1, 1994, income tax payable by PRC enterprises, including state-owned enterprises and share system enterprises, was governed by the *Provisional Regulations of the People's Republic of China on Enterprise Income Tax* (中華人民共和國企業所得稅暫行條例) (the "EIT Regulations") which took effect from January 1, 1994, and which provided for an income tax rate of 33% unless a lower rate is provided by law, administrative regulations or State Council regulations. Our Company was generally subject to tax at a rate of 33% pursuant to the EIT Regulations.

On March 16, 2007, the 10th NPC adopted the new EIT Law. The new EIT Law came into effect on January 1, 2008, according to which the enterprise income tax rate in the PRC was reduced from 33% to 25% and is in line with the rate applicable to foreign investment enterprises and foreign enterprises. At the same time, the Income Tax Law of the PRC Concerning Foreign Investment Enterprises and Foreign Enterprises and the EIT Regulations has ceased to be effective.

Value Added Tax

Pursuant to Notice of the Ministry of Finance and the State Administration of Taxation on Including Railway Transport and Postal Services under the Pilot Program of Replacing Business Tax with Value-Added Tax (Cai Shui [2013] No.106) (《財政部、國家稅務總局關於將鐵路運輸和郵政業納入營業稅改徵增值稅試點的通知》) (財稅[2013]106號), nationwide implementation of the Pilot Program on railway transport and postal services shall be launched with effect from January 1, 2014. According to Implementing Measures for the Pilot Program of Replacing Business Tax with Value-Added Tax (《營業稅改徵增值稅試點實施辦法》), VAT of 6% shall apply to the Company's research and development and technical services business.

Business Tax

Pursuant to the *Provisional Regulations of the PRC Conceding Business Tax* (中華人民共和國營業稅暫行條例) effective from January 1, 1994 which was amended in November 2008 and the relevant implementing rules, a business tax is imposed on enterprises which provide taxable services, transfer intangible property or sell real estate in the PRC. The business tax is levied at a rate from 3% to 20% on the provision of taxable services, transfer of intangible property or sale of real estate in the PRC.

FOREIGN EXCHANGE CONTROL

The PRC implements a stringent foreign exchange regulatory system which has undergone several major reforms. The Foreign Exchange Regulations of the PRC (中華人民共和國外匯管理條例) (the “Foreign Exchange Regulations”) which was promulgated on January 29, 1996 and has been implemented since April 1, 1996 and was later amended on January 14, 1997 for the first time and August 5, 2008 for the second time, is currently the primary foreign exchange regulation, and is applicable to receipts and payments of foreign exchange or foreign exchange operating activities by domestic authorities and individuals in the PRC, as well as receipts and payments of foreign exchange or foreign exchange operating activities in the PRC by authorities and individuals outside the PRC. The Regulations for Administration of Settlement, Sale and Payment of Foreign Exchange (結匯、售匯及付匯管理規定) which was promulgated by PBOC on June 20, 1996 and has been implemented since July 1, 1996, regulates on matters such as settlement and purchase of foreign accounts, opening of foreign exchange accounts and payments to foreign accounts that are incurred in the PRC by domestic institutions, individual residents, foreign organizations stationed in the PRC and individuals visiting the PRC.

Pursuant to the existing Foreign Exchange Regulations, domestic institutions and individuals in the PRC are allowed to reserve foreign exchange and no longer required to sell the foreign exchange, and their foreign exchange income can be remitted to the PRC or deposited outside the PRC in accordance with the regulations. The PRC has made the convertibility of Renminbi (into foreign currency) for current account items available. For the foreign exchange income under the current account items of domestic enterprises, the enterprises may make their own decision whether to reserve or sell it to the financial institutions engaging in the settlement and sale of foreign exchange businesses based on their needs. For the foreign exchange expense under the current account items of domestic enterprises, the enterprises may make their payment with their own foreign exchange revenue or by purchasing foreign exchange with an effective representation from the financial institutions engaging in the settlement and sale of foreign exchange business based on their needs. The convertibility of Renminbi (into foreign currency) for capital account items is not available yet in the PRC and capital account items is still under restriction. The foreign institutions and individuals which have direct investments or are involved in the issue or transactions of priced securities or derivatives within the PRC, or the domestic institutions and individuals which have direct investments or are involved in the issue or transactions of priced securities or derivatives outside the PRC shall complete the registration for foreign exchange approval. The domestic enterprises which borrow foreign debts or provide guarantee for foreign institutions shall register for the foreign debts and the guarantee provided. Entities who retain the foreign exchange income under the capital account items or sell it to financial institutions engaging in the settlement and sale of foreign exchange shall obtain the approval from foreign exchange authorities, unless it is otherwise provided by the State. The foreign exchange and settlement funds of foreign exchange under the capital account items shall be used only for purposes as approved by the relevant competent authorities and foreign exchange authorities.

In addition, the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Overseas Listing (國家外匯管理局關於境外上市外匯管理有關問題的通知) which was promulgated and implemented by the State Administration of Foreign Exchange on January 28, 2013, regulates on matters related to the administration for foreign exchange of domestic enterprises listed overseas:

1. State Administration of Foreign Exchange and its branches (“SAFE”) monitor, manage and inspect on the domestic enterprises in respect of their business registration, account openings and uses, cross-border’s income and expense, exchange of funds involved in the overseas listing.
2. A domestic enterprise shall register for its overseas listing with SAFE at the place of its incorporation with relevant documents within 15 working days upon the end of its initial offering overseas.
3. For its initial offering (or additional offering) and business buy-backs, a domestic enterprise can open a special domestic account at a local bank with a certificate of overseas listing to exchange and transfer funds related to such business.
4. A domestic enterprise’s proceeds from the overseas listing may be remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the content of the prospectus or other disclosure documents such as documents for the issuance of corporate bonds, circulars to shareholders and resolutions of shareholders’ meetings. The proceeds which is from the corporate bonds convertible to share certificates and intends to be remitted to the domestic account shall be remitted to its foreign debts account and used in accordance with the relevant regulations of foreign debts administration; the proceeds which is from other types of corporate bonds and intends to be remitted to the domestic account shall be remitted to its corresponding special domestic account for overseas listing.
5. A domestic enterprise applying for a special domestic account for settlements of funds for overseas listing shall apply to the local SAFE with relevant documents. The SAFE will issue an approval document for settlements to the domestic enterprise upon verification so that the domestic enterprise can complete the settlement procedures with the approval documents at a bank.