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. This summary is based on the tax laws of the PRC and Hong Kong as in effect on the date hereof which are subject to change (or changes in interpretation), possibly with retroactive effect.

The discussion does not address any aspects of Hong Kong or PRC taxation other than income taxation, capital taxation, stamp duty and estate taxation. 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.

Taxation of Dividends

PRC Taxation

Individual Investors. According to the Individual Income Tax Law of the PRC of 1980 as amended on 31 October 1993, 30 August 1999 and 27 October 2005, dividends paid by PRC companies are 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 subject to a withholding tax of at a rate 20% unless reduced by an applicable tax treaty or specifically exempted by the tax authority of the State Council. However, the PRC State Administration of Taxation ("SAT") issued, on 21 July 1993, a Notice of the PRC 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 ("Tax Notice"), which states that dividends paid by a PRC company to individuals with respect to shares listed on an overseas stock exchange ("Overseas Shares"), such as H Shares, are temporarily not subject to PRC withholding tax.

The Standing Committee of the People's Congress' Decision on the Amendments to the Individual Income Tax Law of the PRC (the "Amendments") were promulgated on 31 October 1993 and took effect on 1 January 1994. The Amendments state that all provisions of any contradictory prior regulations concerning individual income tax which are contradictory to the Amendments shall become invalid upon the entering into effect of the same. Pursuant to the requirements of the Amendments and the amended Individual Income Tax Law and the Implementation Rules of the Individual Income Tax Law, foreign individuals are subject to a withholding tax on dividends paid by a PRC company at a rate of 20%, unless specifically exempted by the tax authority of the State Council or reduced by an applicable tax treaty. However, in a letter dated 26 July 1994 to the State Commission for Restructuring the Economic Systems of the PRC, the Securities Commission and CSRC, the SAT reiterated that the temporary tax exemption as specified in the Tax Notice for dividends received from a PRC company listed overseas should remain effective. In the event that this temporary tax exemption is revoked, a 20% tax may be withheld on dividends in accordance with the Individual Income Tax Law (as amended) and its Implementation Rules. Such withholding tax may be reduced pursuant to an applicable double taxation treaty. To date, the relevant tax authority has not been collecting any withholding tax on dividend payments with respect to Overseas Shares.

Non-individual Investors. According to the Income Tax Law of the PRC Concerning Foreign Investment Enterprises and Foreign Enterprises, dividends paid by PRC companies other than foreign investment enterprises to foreign enterprises (including foreign companies and other economic entities) are ordinarily subject to a PRC withholding tax levied at a flat rate of 20%. However, according to the Tax Notice, a foreign enterprise (including foreign companies and other economic entities) with no permanent establishment in the PRC receiving dividends paid with respect to a PRC company's Overseas Shares will temporarily not be subject to the 20% withholding tax. If such withholding tax becomes applicable in the future, the rate could be reduced pursuant to an applicable double taxation treaty.

Tax Treaties. Investors, who are not PRC residents and reside in countries which have entered into double-taxation treaties with the PRC, may be entitled to a reduction of the withholding tax imposed on the dividends paid to such investors by a PRC company. The PRC currently has double-taxation treaties with a number of other countries, which include Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Under each of such double taxation treaties, the rate of withholding tax imposed by PRC's taxation authorities is generally reduced.

Hong Kong Taxation

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 of Capital Gains

PRC Taxation

Individual Investors. According to the Individual Income Tax Law of the PRC (as amended), and the Implementation Rules of the Individual Income Tax Law of the PRC, gains realized on the sale of equity interests would be subject to income tax at a rate of 20%. The Ministry of Finance has been empowered by the Implementation Rules of the Individual Income Tax Law of the PRC to formulate the detailed implementing measures for levying the income tax on the gains realized on the sale of shares in PRC companies. However, to date, no such implementing measures have been promulgated by the Ministry of Finance, and no income tax on gains realized on sales of shares has been levied. Pursuant to the notices jointly issued by the Ministry of Finance and the SAT dated 20 June 1994, 9 February 1996 and 30 March 1998, respectively, in respect of suspending the enforcement of the collection of the individual Income tax on gains realized in connection with sales of shares, gains on sales of shares by individuals are temporarily exempted from individual income tax. In the event that such temporary exemption ceases to be effective, individual holders of H Shares may be subject to income tax at a rate of 20% on gains from the sale of H Shares, unless such tax is reduced or eliminated by an applicable double taxation treaty.

Non-individual Investors. The Tax Reduction Notice provides that gains realized by foreign enterprises, other than gains realized by their agencies or permanent establishments in the PRC, that are holders of H Shares would, temporarily, not be subject to PRC income taxes. On 18 November 2000, the State Council issued a notice entitled "State Council Notice on the Income Tax Reduction for Interest and Other Income that Foreign Enterprises Derive in the PRC" (關於外國企業來源於我國境內的利息等所得減徵所得稅問題的通知) (the "Tax Reduction Notice"). Under the Tax Reduction Notice, beginning January 1 2000, for foreign enterprises which have no institutions and premises in China or have set up institutions and premises but having practical connection with its above income, a business income tax will be levied upon their interest, rent, royalties and other income at a 10% reduced tax rate.

Hong Kong Taxation

No tax is imposed in Hong Kong in respect of gains from the sale of capital assets. Trading gains from the sale of 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 17.5% on corporations and at a maximum rate of 16% on individuals. Gains from sales of 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 Shares realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

Stamp Duty

PRC Stamp Duty

No liability for PRC stamp tax duty will arise from acquiring and disposing of H Shares.

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$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties 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

PRC Estate Duty

The PRC does not currently have estate duty or inheritance law.

Hong Kong Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 abolished estate duty in respect of deaths occurring on or after 11 February 2006.

TAXATION OF THE COMPANY BY THE PRC

Corporate Income Tax

On the Company. The PRC Provisional Regulations on Enterprise Income tax stipulate that enterprises (including joint stock limited companies) incorporated in the PRC (except for foreign investment enterprises) will pay enterprise income tax at a rate of 33% on income earned from production and operations, and on other income, with tax concessions available in circumstances where laws and regulations have provided for tax exemption or reduction.

On the Joint Ventures. The Joint Ventures are subject to the PRC enterprise income tax in accordance with the PRC Foreign Investment Enterprise and Foreign Enterprise Income Tax Law (effective as of 1 July 1991). The enterprise income tax payable by foreign investment enterprises is normally calculated on the amount of taxable income of the enterprises at the rate of 30%, plus a local levy assessed on the amount of taxable income at the rate of three percent.

As one of the measures to encourage foreign investment in the PRC, tax concessions have been granted to the production-oriented foreign investment enterprises. Significant preferential treatments include: i) the foreign investment enterprises established in Special Economic Zones and the production-oriented foreign investment enterprises in Economic and Technical Development Zones shall be assessed enterprise income tax at the reduced rate of 15%: ii) production-oriented foreign investment enterprises established in Coastal Open Economic Zones or the old urban districts in the cities where Special Economic Zones or Economic and Technical Development Zones are located shall be assessed enterprise income tax at the reduced rate of 24%; iii) production-oriented foreign investment enterprises with terms of operation of 10 years or more enjoy exemptions from the enterprise income tax in the first and second years and 50 % reductions in the subsequent three years, commencing with the first profit-making year; iv) the provincial governments have been given the discretion to decide on exemptions or reductions of the three percent local levies, and v) the profit derived by foreign investors from foreign investment enterprises is exempt from income tax.

Value-add Tax

The PRC Provisional Regulations on Value-added Tax ("the VAT Regulations") were promulgated on 26 November 1993 and became effective on 1 January 1994. The VAT Regulations apply to domestic and foreign investment enterprises that sell goods, provide processing or repair and replacement services or import goods in the PRC. Except for certain specified categories of goods sold or imported the value-added tax rate for the sale or import of which is 13%, the tax rate for sales or import of goods and provision of processing and repair and replacement services is 17%. The amount of tax payable on the sale of goods or the provision of taxable services is the balance of the of the amount of tax on sales for the current period after deducting or setting off the amount of tax on purchases for the current period.

Business Tax

Pursuant to the PRC Provisional Regulations on Business Tax , which became effective on 1 January 1994, the enterprises (including foreign investment enterprises) and individuals that provide various labor services and that assign intangible assets or sell immovable property in the PRC shall be subject to the business tax either at the rate of 3% or at 5% of the amount of taxable services or other transactions, except for entertainment business the turnover of which is subject to the business tax at a rate of 20%.

TAXATION OF THE COMPANY BY HONG KONG

The Directors do not consider that any of the Company's income or the income of its subsidiaries is derived from or arises in Hong Kong for the purpose of Hong Kong profit tax. The Directors therefore consider that the Company will not be subject to Hong Kong Profit tax.