The following section is a summary of taxation principles under German law which are or may become relevant in connection with the taxation of our Company and with the acquisition, holding or transfer of the Shares. The summary is not an exhaustive description of taxation under German law which may be relevant to our Company or the Shareholders. The summary is based on German law and typical provisions of double taxation treaties between the Federal Republic of Germany and other states as at the Latest Practicable Date. In both areas, provisions may be changed at short notice or retroactively.

In view of the above, potential investors should not rely on the summary below for taxation advice and should consult their tax advisers with regard to tax consequences which may arise in connection with the purchase, holding and sale or free transfer of the Shares, as the case may be, and with regard to the procedure to be complied with in case of a possible refund of German withholding tax *(Kapitalertragsteuer)*.

1 TAXATION OF OUR COMPANY

1.1 Corporate Income Tax and Solidarity Surcharge

German corporations are, in principle, subject to corporate income tax (*Körperschaftsteuer*) in respect of their profits at a standard rate of 15% for distributed and retained profits, plus a solidarity surcharge (*Solidaritätszuschlag*) of 5.5% thereon, resulting in a total corporate income tax liability of 15.825%.

95% of the dividends or other profit shares which our Company receives from German or foreign corporations are exempt from corporate income tax. However, 5% of the respective revenues are deemed non-deductible operating expenses and, therefore, are subject to corporate income tax plus solidarity surcharge. The same applies to profits of our Company from the sale of shares in another German or foreign corporation. Losses incurred from the sale of such shares are not deductible for tax purposes.

1.2 Trade Tax

In addition, our Company is subject to trade tax (*Gewerbesteuer*) with respect to its taxable trade earnings (*Gewerbeertrag*) from permanent establishments in Germany (*inländische Betriebsstätten*).

The taxable trade income is determined by the taxable income for corporate income tax purposes modified by certain additions and deductions. In particular, 25% of the aggregate amount of (i) interest expense on debt, (ii) the interest portion of rent and lease payments, (iii) 20% of rent and lease payments for moveable assets, (iv) 65% of rent and lease payments for immoveable assets and (v) 25% of royalties, are added back to the tax base to the extent the expenses determined under (i) through (v) above cumulatively exceed €100,000. Trade tax is no longer deductible as a business expense at the level of our Company. Accordingly, the trade tax payable does not reduce the corporate income tax base or the trade tax base.

Profit distributions received from other corporations and capital gains from the sale of shares in other corporations are treated in principle in the same manner for trade tax purposes as for corporate income tax purposes. However, profit distributions received from domestic corporations are 95% exempt from trade tax only if our Company held at least 15% of the registered share capital (*Grundkapital* or *Stammkapital*) of the distributing corporation at the beginning of the relevant tax assessment period. In the case of dividends from qualified shareholdings (*Schachtelbeteiligungen*) in corporations domiciled in another member state of the European Union within the meaning of Article 2 of the Parent-Subsidiary Directive (EC Directive 90/435/EEC of the Council dated 23 July 1990, as amended), the relevant threshold is 10% at the beginning of the relevant tax assessment period. Subject to additional requirements, the 95% exemption from trade tax may also become applicable with respect to profit distributions received from foreign corporations if our Company held 15% of the registered share capital of such corporation without interruption since the beginning of the relevant tax assessment period.

The base rate for trade tax amounts to 3.5%. The ultimate amount of the trade tax depends on the trade tax assessment rate (*Gewerbesteuerhebesatz*) set by the local municipalities in which our Company maintains its permanent establishments. The trade tax rate generally ranges between approximately 10% and 15%, depending on the applicable local trade tax multiplier.

1.3 Tax losses

Available current year tax losses can be used to set off current year gains without limitation. Tax losses of an amount of €511,500 can be carried back one year. Unused tax losses may be carried forward indefinitely. Such tax loss carry-forwards can be used in subsequent assessment periods to fully offset taxable income for corporate income tax and trade tax purposes up to an amount of €1 million. Insofar as the taxable profit subject to corporate income tax and trade tax for the year exceeds this threshold, only up to 60% of the amount exceeding the threshold may be offset by tax loss carry-forwards. The remaining 40% is subject to tax (minimum taxation (*Mindestbesteuerung*)).

However, unused tax loss carry-forwards are eliminated in full if within five years, more than 50% of the subscribed capital, membership interests, equity interests or voting rights are transferred, whether directly or indirectly to an acquiring party or affiliated individuals/entities, or a similar change of ownership occurs (harmful acquisition (*schädlicher Beteiligungserwerb*)). A group of acquirers with aligned interests is also considered an acquiring party for these purposes. In addition, any current year losses incurred prior to the harmful acquisition are generally not deductible. For harmful acquisition in the above sense of more than 25% up to 50% of the capital or interests, the ability to use tax loss carry-forwards decreases proportionately to the acquired percentage of capital or interests transferred. Generally the same applies to current year tax losses incurred prior to the harmful acquisition.

1.4 Interest Ceiling

The deduction of interest expenses is subject to an interest ceiling (*Zinsschranke*).

Generally speaking, our Company is allowed to deduct interest expenses exceeding the amount of interest income only up to 30% of our Company's taxable EBITDA, if its net interest expense is €1 million or higher. For fiscal years starting after 25 May 2007 and ending after 1 January 2008 through fiscal years ending before 1 January 2010, the €1 million threshold is increased to €3 million. Special rules apply in the case of shareholder loans.

Interest expense that is not deductible in a given year can generally be carried forward to subsequent fiscal years of our Company (interest carry-forward). Interest carry-forward can be deducted within the limits of the interest barrier rules. The principles of the loss restriction rules discussed above apply analogously to interest carry-forward when equity interests in our Company are transferred.

2 TAXATION OF SHAREHOLDERS

With respect to the taxation of shareholders, a distinction is to be made between the taxation in connection with the holding of shares (taxation of dividend income), the sale of the shares (taxation of capital gains) and the free transfer of shares (inheritance tax and gift tax).

2.1 Taxation of Dividend Income

2.1.1 *Withholding Tax*

Generally, our Company must withhold and remit to the German tax authorities a withholding tax in the amount of 25% on dividends it distributes plus solidarity surcharge of 5.5% on the amount of the withholding tax (a total of 26.375%). The assessment basis for the withholding tax is the dividend resolved by the general meeting.

The capital gains withholding tax is withheld irrespective of whether and to what extent the dividend is tax exempt on the level of the shareholder and whether the shareholder is resident in Germany or abroad.

In case of dividends which are distributed to a company which is resident in a member state of the European Union within the meaning of Article 2 of the EU Parent-Subsidiary Directive (Council Directive No. 90/435/EEC of 23 July 1990), a withholding of the capital gains tax may, upon request, be fully dispensed with, provided that the company holds at least 10% of the registered share capital (*Grundkapital* or *Stammkapital*) of the distributing corporation and certain additional requirements are met.

This also applies to dividends distributed to a permanent establishment located in another European Union member state of such a parent company or of a parent company that is tax resident in Germany if the stake in the dividend-paying company is part of the respective permanent establishment's business assets. The same applies to other (taxable) non-resident corporations holding at least 10% of the registered share capital in our Company and being entitled to a full reduction of German withholding tax pursuant to the applicable tax treaty for the avoidance of double taxation ("Double Taxation Treaty") between Germany and their state of residence. The reduction in the withholding tax is generally obtained by applying to the German Federal Central Tax Office ("**BZST**") (*Bundeszentralamt für Steuern*, Hauptdienstsitz Bonn-Beuel, An der Küppe 1, 53225 Bonn, Germany) for a waiver or a refund of German withholding tax to be withheld by our Company. Forms for the waiver/refund procedures may be obtained from the BZST (http://www.bzst.bund.de) as well as from German embassies and consulates

In case of distributions made to other non-resident shareholders, the capital gains tax rate is reduced in accordance with the provisions of the relevant double tax treaty, if Germany has entered into such double tax treaty with the country in which the shareholder is resident and if the shareholder holds his shares neither in the assets of a permanent establishment or a fixed base in Germany, nor in operating assets for which a permanent representative in Germany was appointed. In principle, a capital gains tax reduction is granted in such manner that the difference between the total amount withheld, including the solidarity surcharge, and the capital gains tax which is actually due in accordance with the applicable Double Taxation Treaty (normally 15%) is refunded, upon application, by the BZST (see above). Forms for the refund procedure may be obtained from the BZST (http://www.bzst.bund.de) as well as from German embassies and consulates.

Currently, there is no Double Taxation Treaty in place between Germany and Hong Kong. The Double Taxation Treaty between Germany and China is not applicable to Hong Kong. Therefore, an exemption or refund of taxes may not be applicable to shareholders resident in Hong Kong.

In case of dividends received by foreign corporations, any reduction (by way of waiver or refund) of German withholding tax requires that the foreign company meets a "substance test" pursuant to the German anti-treaty/parent subsidiary directive shopping rules. According to this test, the foreign company is not entitled to the refund if and to the extent (i) its shareholders would not have been entitled to those benefits if they had received the dividends directly and (ii) if (a) there is no economic or other non-tax reason for the interposition of the foreign company or (b) the foreign company does not have adequate economic substance to engage in its commercial activities or (c) the foreign company does not generate more than 10% of its gross income from own business activities. Certain exemptions apply if the foreign company qualifies as foreign investment vehicle comparable to a German regulated investment stock corporation or is a foreign stock corporation with shares being regularly traded at a stock exchange.

The German legislator has introduced further anti-avoidance legislation which allows a reduction of withholding tax to be denied irrespective of a compliance with the above substance test. For non-resident corporate shareholders of our Company seated in certain jurisdictions which have not signed a treaty regarding disclosure of tax-relevant information ("uncooperative tax havens"), the tax authorities may deny the reduction of withholding tax if such shareholders do not disclose relevant information regarding its individual shareholders holding (directly or indirectly) more than 10% in the registered share capital of our Company.

2.1.2 ***Taxation of Shareholders resident in Germany***

In the case of Shareholders (individuals and corporate bodies) fully liable to tax in Germany (i.e. persons who have their residence, ordinary residence, seat or place of management in Germany), any tax withheld and paid capital gains tax (including solidarity surcharge) is set off against the income or corporate income tax liability and any surplus amount is refunded.

(a) *Shares held as Private Assets*

Dividend payments in respect of shares held as private assets (*Privatvemögen*) are subject to personal income tax as investment income. However, the personal income tax of the shareholder will be deemed to be settled by the final flat tax (Abgeltungsteuer) already withheld (see the paragraph headed "2 Taxation of Shareholders — 2.1 Taxation of Dividend Income — 2.1.1 Withholding Tax" in this section) and the dividend will no longer have to be reported in the shareholder's annual tax return.

Upon application of a shareholder, the dividend may be taxed in accordance with the general rules on determining an individual's taxable income, rather than under the final flat tax provisions, if this would result in a lower tax burden. In this case, the shareholder will be taxed on its personal investment income, less the saver's allowance of €802 (or, for married couples assessed jointly, €1,602), without deduction of income related expenses actually incurred.

As of 1 January 2009, dividend income which is subject to the final flat tax can only be offset by ongoing losses from investment income (capital losses suffered from the sale of shares are excluded from this set off possibility). It cannot be offset by grandfathered losses suffered from private sales transactions realised before 1 January 2009 or by losses incurred in connection with a trade or business or other activities. If a shareholder's overall income tax rate is below the final flat tax rate (see above), dividend income is (upon application) taxed in accordance with the general rules and can be offset by losses incurred in connection with a trade or business or other activities.

Investment income realised from shares held as private assets will not be additionally subject to trade tax.

(b) *Shares Held As Operating Assets*

If shares are held in operating assets, taxation depends on whether the shareholder is a corporate body, a sole proprietor or a partnership (co-entrepreneurship (*Mitunternehmerschaft*). Generally, the investment income will be subject to both corporate income tax and trade tax.

(i) Corporate Bodies

For corporations, dividends are generally exempt from corporate income tax. However, 5% of this tax-exempt income is considered as expense that may not be deducted as business expense and is thus effectively subject to corporate income tax (plus solidarity surcharge). On the other hand, business expenses actually incurred in connection with the dividends may be deducted to the full amount. A minimum participation or minimum holding period is not required.

Dividends are, however, generally fully subject to trade tax (after deduction of business expenses related to the dividend), unless a shareholder holds at least 15% (10% in case of qualified shareholdings in other EU member state corporations) of the registered share capital of our Company at the beginning of the tax assessment period. In the latter case, the 95% corporate income tax exemption for dividends applies analogously to trade tax.

(ii) Sole proprietors (individuals)

If shares are held in the operating assets of a sole proprietor, 60% of the dividends for purposes of income taxation are considered as income (*Teileinkünfteverfahren*). Operating expenses economically related to such dividends are 60% deductible only.

In addition, the dividends are fully subject to trade tax if the shares are attributable to a permanent establishment of a commercial business in Germany. This is not the case if the taxpayer held at least 15% of our Company's share capital at the beginning of the relevant taxation period.

In principle, trade tax can be deducted from a shareholder's individual income tax on a lump sum basis.

(iii) Partnerships

If the shareholder is a partnership, income or corporate income tax is only payable at the level of the respective shareholder. Taxation of a shareholder depends on whether the shareholder is a corporate body or an individual. If the shareholder is a corporate body, 95% of dividends are, in principle, exempt from tax (see subsection (i) above). If the shareholder is an individual, 60% of dividends are subject to income tax plus solidarity surcharge (see subsection (ii) above).

In addition, on the level of a partnership's trade tax liability, the investment income is subject to trade tax in full to the extent corporations are involved. If, however, the partnership held at least 15% of our Company's share capital at the beginning of the relevant taxation period, only 5% of dividend payments are subject to trade tax to the extent corporations are involved.

To the extent that trade tax becomes applicable, all or part of the trade tax the partnership pays in proportion to the shareholders' interest in the partnership's income is generally credited as a lump-sum against the individual partners' personal income tax liability in case the partner is an individual.

Special rules apply to shareholder companies active in the financial and insurance sectors and to pension funds. See below in section 2.3 of this Appendix.

2.1.3 *Taxation of Non-Resident Shareholders*

If a shareholder (individual or corporation) who is subject to non-resident taxation in Germany holds shares as part of the business assets of a permanent establishment or fixed base in Germany or as part of business assets for which a permanent representative in Germany has been appointed, withholding tax withheld and remitted to the German tax authorities by the Company is credited against the respective shareholder's personal income tax or corporate income tax liability. If the amount withheld exceeds the personal or corporate income tax liability, the difference is refunded. The same applies to the solidarity surcharge. These shareholders are generally subject to the same rules applicable to resident shareholders discussed above. For further details, please refer to the paragraph headed "2.1.2 Taxation of Shareholders resident in Germany — (b) Shares Held As Operating Assets" in this section. In all other cases, the withholding of withholding tax settles any tax liability of the shareholder in Germany. A refund or exemption is granted only in situations as discussed in the paragraph headed "2 Taxation of Shareholders — 2.1 Taxation of Dividend Income — 2.1.1 Withholding Tax" in this section.

2.2 Taxation of Capital Gains

2.2.1 *Withholding Tax*

Capital gains are generally subject to withholding tax at a rate of 25% and a solidarity surcharge thereon at a rate of 5.5% (total rate of 26.375%). Withholding requires a German resident disbursing agent (i.e. German financial institution, German financial services provider, German branch of a foreign financial institution or foreign financial services provider, German brokerage or the German investment bank that acts as the custodian for or administers the shares and distributes the dividends on them) that has custody of or administers the shares or that sells the shares and disburses or credits shareholders for their capital gains. The legal obligation to withhold taxes in such cases is with the disbursing agent (if any), and generally our Company is not legally obliged to withhold such taxes as we are generally not involved in the Share dealings which give rise to such capital gains. Further, for non-resident Shareholders, there is no legal obligation on them to maintain a German resident disbursing agent.

The amount of tax withheld is generally based on the difference between the proceeds from the sale, after deducting expenses that stand in direct relation to the sale, and the book value or acquisition costs (as the case may be) of the shares and subscription rights. Under certain circumstances, the withholding tax may be applied to just 30% of the proceeds from the sale. Such is the case, for example, when the respective securities account is moved from a disbursing agent located outside of an EU or EEA member state.

Withholding tax is not withheld with respect to capital gains from shares held as business assets by corporations subject to unlimited tax liability. The same applies under certain circumstances to shares held as business assets by individuals or partnerships.

2.2.2 ***Shareholders resident in Germany***

(a) *Shares/Subscription Rights Held as Private Assets*

Capital gains earned on the sale of shares and subscription rights (acquired after 31 December 2008) by an individual who held the shares/subscription rights as private assets will generally be subject to tax, irrespective of the length of time the shares are held. The tax liability is usually covered by the final flat tax (*Abgeltungsteuer*) withheld (withholding tax of 25% plus solidarity surcharge of 5.5% thereon) — see the paragraph "2 Taxation of Shareholders — 2.1 Taxation of Capital Gains — 2.1.1 Withholding Tax" in this section.

Shareholders can apply to have their capital gains assessed in accordance with the general rules on determining an individual's tax bracket (i.e. at the shareholder's personal income tax rate) if this would result in a lower tax burden. Any tax already withheld will be credited against the income tax so determined or, as the case may be, refunded in the amount of any overpayment.

When determining the income from capital investments, only a saver's allowance in the amount of €801 (€1,602 for married couples filing jointly) can be deducted as expenses related to investment income (*Werbungskosten*). Expenses actually incurred to generate the income will not be deducted.

As of 1 January 2009, capital gains earned and capital losses suffered from the sale of shares and subscription rights (acquired after 31 December 2008) are ring-fenced. Capital gains resulting from the sale of shares can only be offset by capital losses (ongoing or carried forward) suffered from the sale of shares (acquired after 31 December 2008). Capital gains resulting from the sale in subscription rights can only be off-set by certain types of losses in the following order: (i) current capital losses from investment assets (except for capital losses from the sale of shares) in securities deposit accounts with the same account bank, (ii) grandfathered losses suffered from private sales transactions realised before 1 January 2009 and (iii) other current capital losses from investment assets (except for capital losses from the sale of shares). Capital losses suffered from the disposal of subscription rights can only be offset against capital gains from investment assets (except for capital gains from the sale of shares).

Notwithstanding the foregoing, if a shareholder, or in the case of a gratuitous acquisition, the shareholder's legal predecessor directly or indirectly held at least 1% of the share capital of our Company at any time during the five years preceding the sale, 60% of any capital gain resulting from the sale is taxable (with the applicable income tax rate, plus the solidarity surcharge). Likewise, no more than 60% of any capital loss can be claimed for tax purposes (subject to general restrictions on tax deductions, if applicable).

Investment income realised from shares held as private assets will not additionally be subject to trade tax.

(b) *Shares/Subscription Rights Held as Business Assets*

If the shares form part of a shareholder's business assets, then taxation of the capital gains realised depends upon whether the shareholder is a corporation, sole proprietor or partnership. Generally, the investment income will be subject to both corporate income tax and trade tax:

(i) Corporate Bodies

Generally speaking, capital gains earned on the sale of shares by corporations are exempt from corporate income tax and trade tax. However, 5% are considered non-deductible business expenses and, as such, are subject to corporate income tax (plus solidarity surcharge) and trade tax. Generally, all actually incurred business expenses relating to the capital gains are fully tax deductible. Losses from the sale of shares and any other profit reductions related to such sale are not tax deductible.

The same should generally apply to capital gains and losses from the sale of subscription rights by corporations resident in Germany. However, please note that according to a view taken by the German tax authorities, capital gains from the sale of subscription rights should be fully subject to corporate and trade tax. As a consequence, losses from the sale of subscription rights and other reductions economically related to the sale of the subscription rights should generally be deductible as business expenses.

(ii) Sole Proprietors (individuals)

If the shares are held by sole proprietors, 60% of the capital gains from the sale of shares are taxable at the personal income tax rate (plus solidarity surcharge). Similarly, only 60% of the business expenses related to such a gain and only 60% of any capital loss are tax deductible. If the shares are attributable to a commercial permanent establishment maintained in Germany, 60% of the capital gains are also subject to trade tax. However, all or part of the trade tax is credited as a lump sum against the shareholder's personal income tax liability. For capital gains realised from the sale of subscription rights that form part of the business assets of a sole proprietor there is a risk that, as with gains realised by a corporation (see (i) above), the full amount of these gains will be subject to income tax (plus solidarity surcharge) and, if applicable, to (fully or partly creditable) trade tax.

(iii) Partnerships

If the shareholder is a partnership, personal income tax or corporate income tax, as the case may be, is assessed at the level of each partner rather than at the level of the partnership. The taxation of each partner depends on whether the partner is subject to personal income tax or corporate income tax. If the partner pays corporate income tax, capital gains from the sale of shares are in general effectively 95% tax exempt (see subsection (i) above). Again, the tax authorities seem to take up an adverse stance with respect to the sale of subscription rights and require the full taxation of the capital gains realised from the sale.

If the partners pay personal income tax, 60% of the capital gains from the sale of shares are taxable (see subsection (ii) above). In addition, if the shares are attributable to a commercial permanent establishment in Germany, any capital gain from their sale is generally subject to trade tax at the level of the partnership, with 60% of the gain being subject to trade tax if the partners are individuals and 5% if the partners are corporations.

In case of a sale of subscription rights please consider that there is a risk that the full amount of the gains may be subject to corporate or personal income tax (plus solidarity surcharge) and, if applicable, to trade tax (see above).

Losses reduce the amount subject to trade tax only if the partners are individuals, with the reduction capped at 60% of the loss; all or part of the trade tax imposed is credited as a lump sum against their personal income tax liability.

With respect to the deductibility of business expenses related to the capital gains and the deductibility of capital losses, the principles outlined in subsection (i) apply to partners paying corporate income tax, and those outlined in subsection (ii) apply to partners paying personal income tax. To the extent that the sale of subscription rights is allocated to a corporation as partner capital losses and other reductions in profit related to the disposed subscription rights should be deductible to the extent the approach taken by the German tax authorities on subscription rights is applicable.

Special rules apply to capital gains realised by companies active in the financial and insurance sectors, as well as by pension funds. See below.

2.2.3 ***Non-Resident Shareholders***

Capital gains on the sale of shares/subscription rights will be subject to the 25% withholding tax (plus 5.5% solidarity surcharge thereon) only if there is a German disbursing agent (for the definition of "German disbursing agent", please refer to the paragraph headed "2.2 Taxation of Capital Gains — 2.2.1 Withholding Tax" in this section). The tax will not be withheld if the non-resident shareholder is not subject to limited German taxation on the shareholder's capital gains pursuant to the German Income Tax Act. See the paragraph headed "2 Taxation of Shareholders — 2.1 Taxation of Dividend Income — 2.2 Taxation of Capital Gains — 2.2.1 Withholding Tax" above.

Capital gains realised by non-resident shareholders who do not hold the shares through a permanent establishment or a fixed base in Germany or as part of business assets for which a permanent representative in Germany has been appointed are taxable in Germany only if the seller or, in the case of a gratuitous transfer, any of the seller's legal predecessors held, directly or indirectly, at least 1% of our Company's registered share capital at any time during the five years preceding the sale. If in this case, the shareholder is a corporation, only 5% of the gains are subject to corporate income tax plus solidarity surcharge. If the shareholder is an individual, 60% of the capital gains are taxable. If a non-resident shareholder is subject to taxation in Germany and such tax liability is not settled by way of withholding, the non-resident shareholder needs to file a tax return with the relevant tax authorities within five months after the end of the calendar in which such shareholder has realised the income. Notwithstanding the foregoing, most of the Double Taxation Treaties executed with Germany provide for an exemption from German taxes in these cases. Currently, there is no Double Taxation Treaty in place between Germany and Hong Kong. The Double Taxation Treaty between China and Germany is not applicable to Hong Kong. Hence, an exemption or refund of taxes may not be achieved.

For capital gains realised on the sale of shares/subscription rights that are held through a permanent establishment or fixed base in Germany or as part of business assets for which a permanent representative in Germany has been appointed, the provisions discussed above with respect to resident shareholders apply accordingly. For further details, please refer to the paragraph headed "2.2.2 (b) Shares/Subscription Rights Held as Business Assets — (b) Shares/Subscription Rights Held as Business Assets" in this section.

2.3 **Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds**

If financial institutions (*Kreditinstitute*) or financial services providers (*Finanzdienstleistungsinstitute*) hold or sell shares that are allocable to their trading book (*Handelsbuch*) pursuant to Section 1a of the German Banking Act (*Gesetz über das Kreditwesen*), they will not benefit from the 40% exemption under the partial-income method or enjoy the 95% exemption from corporate income tax plus solidarity surcharge and from any applicable trade tax. Thus, dividend income and capital gains are fully taxable. The same applies to shares that are acquired by a financial enterprise (*Finanzunternehmen*) within the meaning of the German Banking Act for purposes of realising short-term gains from proprietary trading and to shares held through a permanent establishment in Germany by financial institutions, financial services providers and financial companies with their registered office in another member state of the European Union or another contracting state to the EEA Agreement. Likewise, the tax exemption described earlier afforded to corporations for dividend income and capital gains from the sale of shares/subscription rights does not apply to shares/subscription rights that qualify as a capital investment in the case of life insurance and health insurance companies or which are held by pension funds. Corporate income-tax-paying shareholders that have their registered office in another member state of the European Union may benefit from certain exceptions if the Parent-Subsidiary Directive (EC Directive 90/435/EEC of the Council dated 23 July 1990, as amended) applies to them.

2.4 Inheritance and Gift Tax

In principle, a transfer of shares to another person by way of gift or due to death is subject to German gift or inheritance tax only if:

(a) the testator, donator, heir, donee or other acquirer at the time the transfer was effected had his place of residence or ordinary residence in Germany or had German citizenship and had not lived abroad for a continuous period of more than 5 years without having a domicile in Germany; or

(b) the shares belonged to the testator's or donator's operating assets, for which a permanent establishment was maintained in Germany or a permanent representative was appointed; or

(c) at the time of death or transfer by way of gift, the testator or donator alone or jointly with other persons closely related to him held a direct or indirect participation in our Company's share capital of at least 10%.

There are few inheritance tax double taxation treaties currently in effect in Germany, but they typically provide that German gift or inheritance tax is only payable under the circumstances specified under (i) and, subject to certain limitations, under the circumstances specified under (ii) above. Exemptions apply to certain German citizens who live abroad and former German citizens.

3 OTHER TAXES

The sale, purchase or other disposition of shares is not subject to German capital transfer tax, sales tax, stamp duty or similar taxes. Under certain circumstances, enterprises may, however, opt for sales tax, which would otherwise not be applicable. At present, wealth tax is not imposed in Germany.