

The following discussion is a summary of certain anticipated tax consequences of our operations and of an investment in the shares under Cayman Islands tax laws, Hong Kong tax laws and PRC income tax laws. The discussion does not deal with all possible tax consequences relating to the Company's operations or to an investment in the Shares. In particular, the discussion does not address the tax consequences under state, local and other (that is non-Hong Kong, non-Cayman Islands, non-Chinese) tax laws. Accordingly, each prospective investor should consult his or her tax adviser regarding the tax consequences of an investment in the Shares. The discussion is based upon law and relevant interpretations thereof in effect as of the date of this prospectus, all of which are subject to change.

CAYMAN ISLANDS TAXATION

Taxation

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Council:

- (a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and
- (b) in addition, that no tax to be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:
 - (i) on or in respect of the shares, debentures or other obligations of the Company; or
 - (ii) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (1999 Revision).

The undertaking for the Company is for a period of twenty years from November 24, 2009.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments. The Cayman Islands are not a party to any double tax treaties.

PRC TAXATION

Enterprise Income Tax

Currently, in compliance with the Income Tax Law of the PRC for Enterprises with Foreign Investment and Foreign Enterprises adopted by the National People's Congress on April 9, 1991 and the implementation rules applicable to those foreign-invested enterprises, the Enterprise Income Tax is levied on foreign invested enterprises, or FIEs, at the ordinary Enterprise Income Tax rate of 33%, including 30% national enterprise income tax and 3% local income tax. According to the Interim Rules of the Enterprise Income Tax of the PRC, domestic enterprises other than FIEs are subject to Enterprise Income Tax at an ordinary rate of 33%. Both rates applicable to enterprises with or without foreign investment are subject to available preferential tax treatments respectively. Subject to the effectiveness of new PRC Enterprise Income Tax Law from January 1, 2008, the ordinary income tax rate for all PRC resident enterprises, including enterprises with or without foreign investment will be 25%.

Business Tax

Under the Provisional Regulations of the PRC on Business Tax issued by the State Council which was amended and took effect on January 1, 2009 and the implementation rules, a business tax is levied on all units and individuals engaged in taxable services, the transfer of intangible assets or the sale of immovable properties within the territory of the PRC. The tax rates range from 3% to 20% depending on the type of services provided.

Value-Added Tax

In accordance with the Provisional Regulations of the People's Republic of China on Value-added Tax issued by the State Council which was amended and took effect on January 1, 2009 and the implementation rules, all units and individuals engaged in the sales of goods, provision of processing, repairs and replacement services, and the importation of goods within the territory of the PRC are taxpayers of Value-added tax, and shall pay Value-added tax in accordance with these Regulations at tax rates of 3%, 13% or 17%.

Dividends from our China operations

Under the PRC tax laws effective prior to January 1, 2008, dividends paid from our operations in China to us were exempt from PRC income tax. However, pursuant to the PRC Enterprise Income Tax Law and its implementation rules that became effective on January 1, 2008, dividends payable by foreign invested enterprises, such as subsidiaries in China, to their foreign investors are subject to a withholding tax at a rate of 10% unless any lower treaty rate is applicable.

Under the PRC Enterprise Income Tax Law and its implementation rules, enterprises established under the laws of foreign jurisdictions but whose “de facto management body” is located in China are treated as “resident enterprises” for PRC tax purposes, and will be subject to PRC income tax on their worldwide income. For such PRC tax purpose, dividends from PRC subsidiaries to their foreign shareholders are excluded from such taxable worldwide income. Under the implementation rules of the new Enterprises Income Tax Law, “de factor management bodies” is defined as the bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise. Because this tax law is new and its implementation rules are newly issued, there is uncertainty as to how this new law and its implementation rules will be interpreted or implemented by relevant tax bureaus.

Dividends paid by the Company to its overseas investors

Because we are not incorporated in the PRC, under the PRC tax laws prior to January 1, 2008, even though we had a significant operating subsidiary in the PRC, our distribution of dividends to our overseas investors was not subject to PRC tax. The new Enterprise Income Tax Law and its implementation rules, however, impose a withholding tax at the rate of 10% on dividends paid to investors that are “non-resident enterprises,” to the extent such dividends are sourced within China. It is not clear whether you will be subject to such PRC withholding taxes as a result. A non-resident enterprise for such tax purposes is defined to include any non-PRC incorporated enterprise that does not have an establishment or place of business in China. Although a foreign investor has such establishment or place of business in China, such withholding is not applicable if the relevant income is not effectively

connected with its establishment or place of business in China. Due to these new and practical effects, if we are considered as a PRC resident enterprise, the dividends we pay to the non-resident enterprise investors with respect to our Shares may be treated as income derived from sources within China and be subject to the PRC withholding tax.

Transfer or disposition of our Shares

As we are not incorporated in the PRC, under the PRC tax laws prior to January 1, 2008, any transfer or disposition of our Shares by an overseas investor did not trigger PRC tax liabilities. The new PRC Enterprise Income Tax Law and its implementation rules, however, impose a withholding tax at the rate of 10% on capital gains realized by investors that are “non-resident enterprises,” to the extent such gains are sourced within China. It is not clear whether you will be subject to such PRC withholding taxes as a result. A non-resident enterprise for such tax purposes is defined to include any non-PRC incorporated enterprise that does not have an establishment or place of business in China. Any gain realized on the transfer of our Shares by such investors is subject to 10% PRC income tax if such gain is regarded as income derived from sources within China. Due to these new provisions in the PRC tax law, despite many uncertainties with respect to their actual intentions and practical effects, if we are considered a PRC resident enterprise, the gain the non-resident enterprise investors may realize from the transfer of our Shares, may be treated as income derived from sources within China and be subject to the PRC income tax.

HONG KONG TAXATION

Dividends

Under the current practice of the 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 Shares. Trading gains from the sale of Shares by persons carrying on a trade, profession or business in Hong Kong, where such gains are arising in or derived from Hong Kong, will be chargeable to Hong Kong profits tax. Currently, profits tax is imposed on corporations at the rate of 16.5% and on individuals at a maximum rate of 15.0%. Gains from sales of the Shares effected on the Stock Exchange will be considered to be sourced in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of Shares effected on the 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 Shares registered on the Hong Kong branch register. The duty is charged at the ad valorem rate of 0.1% of the consideration for, or (if greater) the value of, the Shares transferred on 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 Shares. In addition, any instrument of transfer (if required) will be subject to a flat rate of stamp duty of HK\$5.00. Where a sale or purchase of Shares registered on the Hong Kong branch register is effected by a person who is not resident in Hong Kong and any stamp duty payable on the contract

note is not paid, the relevant instrument of transfer (if any) shall be chargeable with such duty, together with the duty otherwise chargeable thereon and the transferee shall be liable to pay such duty.

Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 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 Shares whose death occur on or after February 11, 2006.