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, all of which are subject to change (or changes in interpretation), possibly with retroactive effect.

This section of this prospectus does not address any aspects of Hong Kong or PRC taxation other than income taxation, capital taxation, stamp taxation 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 IN THE PRC

Taxation of the 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 September 10, 1980, as amended on October 31, 1993, August 30, 1999, October 27, 2005, June 29, 2007, December 29, 2007, June 30, 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 January 28, 1994, as amended on December 19, 2005, February 18, 2008 and July 19, 2011, 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.

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 SAT recently, domestic non-foreign-invested enterprises issuing shares in Hong Kong may, when distributing dividends, withhold individual income tax at the rate of 10%. For the individual holders of H Shares receiving dividends who are citizens from countries that has entered into an income tax treaty with the tax rates lower than 10%, we will apply on behalf of the such holders to seek entitlement of the lower preferential tax treatments, and upon examination and approval by the tax authorities, the amounts which is over the withheld tax will be refunded. For the individual holders of H shares receiving dividends who are citizens from countries that entered into an income tax treaty with the tax rates higher than

10% but lower than 20%, we are required to withhold the tax at the agreed rate under the treaty, 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, we are required to withhold the tax at a the rate of 20%.

Enterprise

According to the new *PRC Enterprise Income Tax Law* (《中華人民共和國企業所得稅法》) (the "EIT Law") and *the Provision for 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》) (the "Implementation Regulations"), which both became effective on January 1, 2008, the nonresident enterprises shall be subject to 10% enterprise tax for the income originated from the PRC provided that the non-resident enterprises do not establish institutions or premises in the PRC, or where there are institutions and premises established, there is no connection between the income received and the institutions or premises established by the non-resident enterprises. Such withholding tax may be reduced pursuant to an applicable double taxation treaty.

According to *the Notice of the State Administration of Taxation Regarding Questions on Withholding Enterprise Income tax on the Dividends Paid by PRC Resident Enterprises to Non-resident Enterprise Shareholders of H Shares (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), which became effective on November 6, 2008, PRC 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. Such withholding tax may be reduced pursuant to an applicable double taxation treaty.

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 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 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.

Tax Treaties

Investors who do not reside in the PRC and reside in countries that have entered into 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 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

Individual Investors

With respect to individual holders of H shares, the Individual Income Tax Law and Provision for Implementation generally stipulate that gains derived from assignment of property shall be subject to income tax at a rate of 20%. In addition, the Provisions stipulate that measures for the levying of individual income tax on gains derived from the sale of equity securities shall be formulated separately by the Ministry of Finance and shall be implemented following approval of the State Council. Pursuant to *the Notice of the Ministry of Finance and the State Administration of Taxation concerning the Continued Individual Income Tax Exemption for Individuals' Proceeds from Share Transfers* (《財政部、國家稅務總局關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) (the "Exemption Notice") which came into effect on March 30, 1998, and effective since January 1, 1997, individual income tax exemption is continually valid from individuals' transfers of shares of public companies. However, there is no further interpretation whether such exemption is applied to H Shares. Theoretically, there is exposure that PRC individual income tax shall be applicable to capital gains derived from disposal of H shares by non-resident individuals, which may have not been collected by the PRC tax authorities in practice at the moment. However, if PRC tax laws and regulations, in the future, provide that such exemption is withdrawn or ceases to be effective, or is not applied to H Shares, individual holders of H shares who are Hong Kong or Macau residents are subject to capital gains tax when transferring their H shares.

Enterprise

According to the EIT Law and the Implementation Regulations, 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 imposed on the transfer of shares of PRC publicly traded companies should not apply to the acquisition and disposal by non-PRC investors of H Shares outside of the PRC by virtue of *the Provisional Regulations of the PRC Concerning Stamp Duty* (《中華人民共和國印花稅暫行條例》), which became effective on October 1, 1988 and which provide that PRC stamp duty is imposed only on documents, executed or received within the PRC that are legally binding in the PRC and are protected under PRC law.

Estate Tax

No liability for estate tax under PRC law will arise from non-PRC national's holding of H shares.

Taxation of the Company by the PRC

Income Tax

As stipulated under the new EIT Law, enterprises and other organizations which generate income within the PRC shall pay enterprise income tax according to stipulations of the new EIT Law and are subject to enterprise income tax at the rate of 25%.

Business Tax

Pursuant to *the Provisional Regulations of the PRC Concerning 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.

The PRC implemented value-added tax reform according to which industries that are subject to business tax will gradually transit to pay value-added tax instead of business tax. According to the requirements of the Pilot Scheme for the Change from Business Tax to Value-Added Tax [Cai Shui [2011] No.110] issued by the Ministry of Finance and the SAT on November 16 2011, the future financial insurance industry is principally applicable to the simple VAT taxation method and the pilot scheme will commerce from January 1, 2012. However, there are no specific requirements on the tax rate and simple taxation method for financial insurance industry.

Foreign Exchange Control

The lawful currency of the PRC is the RMB, which is subject to foreign exchange controls and is not freely convertible into foreign exchange at this time. SAFE, under the authority of PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

On January 29, 1996, the State Council promulgated new *Regulation of Foreign Exchange* (《中華人民共和國外匯管理條例》) (the "Foreign Exchange Regulations") which was effective from April 1, 1996. The Foreign Exchange Regulations classifies all international payments and transfers into current account items and capital account items. Most of the current account items are no longer subject to the approval from the SAFE while capital account items still are. The Foreign Exchange Regulations was subsequently amended on January 14, 1997 and on August 1, 2008. This latest amendment affirmatively states that the State shall not restrict international current account payments and transfers.

On June 20, 1996, PBOC promulgated *the Regulations for Administration of Settlement, Sale and Payment of Foreign Exchange* (《結匯、售匯及付匯管理規定》) (the "Settlement Regulations") which took effect on July 1, 1996. The Settlement Regulations superseded *the Provisional Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange* and abolished the remaining restrictions on convertibility of foreign exchange in respect of current account items while retaining the existing restrictions on foreign exchange transactions in respect of capital account items.

On October 25, 1998, PBOC and SAFE promulgated *the Notice Concerning Closure of the Foreign Exchange Swap Business Activities* (《關於停辦外匯調劑業務的通知》) pursuant to which and with effect from December 1, 1998, all foreign exchange swapping business in the PRC for foreign-invested enterprises shall be discontinued, while the trading of foreign exchange by foreign-invested enterprise shall come under the banking system for the settlement and sale of foreign exchange.

On July 21, 2005, PBOC announced that from the same date, the PRC would implement a managed floating exchange rate system based on market supply and demand and with reference to a basket of currencies. Therefore, the RMB exchange rate was no longer pegged to the U.S. dollar only. The PBOC would announce the closing price of a foreign currency such as the U.S. dollar against the RMB in the inter-bank foreign exchange market after the closing of the market on each working day. This closing price will be used as the middle price for quoting the RMB exchange rate on the following working day.

Since January 4, 2006, PBOC improved the method of generating the middle price for quoting the RMB exchange rate by introducing an enquiry system while keeping the match-making system in the interbank spot foreign exchange market. In addition, PBOC provided liquidity in the foreign exchange market by introducing the market-making system in the inter-bank foreign exchange market. After the introduction of the enquiry system, the generation of the middle price for quoting the RMB was transformed to a mechanism under which PBOC authorized the China Foreign Exchange Trading System to determine and announce the middle price for quoting the RMB against the U.S. dollar, based on the enquiry system, at 9:15 am on each business day.

According to Foreign Exchange Regulation, current account foreign exchange income may, in accordance with relevant provision of the state, be retained or sold to any financial institution engaged in foreign exchange settlement and sale business, and where any foreign exchange income on capital account is to be retained or sold to a financial institution engaged in foreign exchange settlement and sales business, an approval shall be obtained from the relevant foreign exchange administrative authority, other than where no approval is required under state provisions.

PRC enterprises (including foreign-invested enterprises) which require foreign exchange for transactions relating to current account items, may, without the approval of SAFE, effect payment from their foreign exchange account or convert and pay at the designated foreign exchange banks, on the strength of valid receipts and proof of transactions. Foreign-invested enterprises which need foreign exchange for the distribution of profits to their shareholders, and PRC enterprises which in accordance with regulations are required to pay dividends to shareholders in foreign exchange, may on the strength of general meeting resolutions of such PRC enterprises or board resolutions on the distribution of profits, and with the submission of other required supporting documents, effect payment from their foreign exchange account or convert and pay at the designated foreign exchange banks.

Convertibility of foreign exchange in respect of capital account items, like direct investment and capital contribution, is still subject to restriction, and prior approval from SAFE or the relevant branch.

The Notice Concerning Foreign Exchange Control of Overseas-listed Enterprises (《關於境外上市企業外匯管理有關問題的通知》), as jointly promulgated by CSRC and the State Administration of Foreign Exchange ("SAFE"), came into effect on January 13, 1994, and provides that:

(i) Funds raised by domestic enterprises through issuing shares in foreign countries shall be categorized as income from capital projects, and may be deposited in cash in foreign exchange accounts opened in China as approved by the SAFE.

(ii) A domestic enterprise issuing shares in foreign countries shall, within ten days after the foreign funds raised through the issuance of the shares have become available, transfer the full amount of the funds into China and deposit the amount in a foreign exchange account opened with approval.

(iii) Foreign currencies needed by domestic enterprises issuing shares in foreign countries for the purpose of distributing dividends and capital bonuses to overseas shareholders may be paid and remitted by the enterprises' banks from their foreign exchange accounts with approval of the SAFE. The enterprises' foreign currency uses for other purposes shall be handled according to applicable regulations.

(iv) If the sum of foreign-currency funds raised by a domestic enterprise through the issuance of shares in foreign countries reaches 25% or more of the enterprise's total net assets, it may apply to the Ministry of Commerce of the PRC (previously known as the Ministry of Foreign Trade and Economic Cooperation of China) or its authorized department to establish a Sino-foreign joint venture according to the Law on Sino-foreign Joint Ventures. If it is granted the status of a Sino-foreign joint venture, its foreign-currency income and expenses shall be handled pursuant to the foreign exchange control regulation governing foreign-invested enterprises.

The Notice Concerning Further Improving Foreign Exchange Control of Overseas-listed Enterprises (《關於進一步完善境外上市外匯管理有關問題的通知》), jointly issued by CSRC and SAFE, took effect on September 1, 2002, and provides that:

(i) Companies with foreign shares listed overseas and domestic equity holders of overseas-listed companies held by domestic shareholders shall, within 30 days after obtaining CSRC's approval for issuing and listing shares in foreign countries, fulfill the procedure with SAFE for foreign exchange registration of overseas-listed shares.

(ii) Companies with foreign shares listed overseas shall, within 30 days after the funds raised have become ready, transfer into China the amount of the funds remaining after deduction of associated costs and expenses, and shall not retain the funds in foreign countries without permission of SAFE. The funds transferred back into China shall be subject to control as if they were funds directly injected by foreign investors and may be kept in earmarked accounts or be used for foreign exchange settlement if approved by SAFE.

(iii) Foreign-currency funds, obtained by companies with foreign shares listed overseas and domestic equity holders of overseas-listed companies held by domestic shareholders through reducing holdings of shares in listed companies or through the listed companies' sale of their assets (or equity), shall be transferred back into China within 30 days after the funds become available and after deduction of associated costs and expenses, which may not be detained in foreign countries without approval of SAFE. Foreign exchange settlement shall be made for such funds as approved by SAFE after they are transferred back into China.

(iv) If overseas accounts are to be opened to temporarily keep the abovementioned foreign-currency funds before they are transferred back into China, application may be made to SAFE for opening such earmarked foreign exchange accounts, of which the maximum term shall be 3 months from the date of account opening.

(v) Companies with foreign shares listed overseas needing to repurchase their own shares listed and circulated in foreign countries shall, after obtaining the approval from CSRC, follow procedures set by SAFE for changing foreign exchange registration of their overseas-listed shares and for approval of opening an overseas account and remittance of funds to foreign countries.

On September 9, 2003, SAFE issued *the Notice Concerning Improving Foreign Exchange Control of Overseas Listings* (《關於完善境外上市外匯管理有關問題的通知》), clarifying relevant issues in *the Notice Concerning Further Improving Foreign Exchange Control of Overseas-listed Enterprises*.

On February 1, 2005, SAFE promulgated *the Circular Concerning Foreign Exchange Control of Overseas Listings* (《關於境外上市外匯管理有關問題的通知》), further revising and supplementing the abovementioned circulars as follows:

(i) The time limit for companies with foreign shares listed overseas and domestic equity owners of overseas-listed companies held by domestic shareholders to transfer funds back into China has been extended to "within six months after the funds so raised have become ready," and for earmarked overseas foreign exchange accounts, the time period has been extended to "two years from the date of account opening."

(ii) Where foreign-currency funds, obtained by companies with foreign shares listed overseas and domestic equity owners of overseas-listed companies held by domestic shareholders through reducing holdings of shares in listed companies or through the listed companies' sale of their assets (or equity), are transferred back into China, such domestic equity owners may apply to the local foreign exchange office for opening an earmarked account (or use existing earmarked account) to retain such funds. Foreign exchange settlement shall not be made for such funds without the approval of local foreign exchange office.

TAXATION IN HONG KONG

1. 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.

2. Taxation on Capital Gains and Profits

No tax is imposed in Hong Kong in respect of capital gains from the sale of the H shares. 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 trade, profession or business, 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 maximum rate of 15.0%. 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 shares effected on the Hong Kong Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

3. 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 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 H shares. In addition, a fixed duty of HK$5 is charged on each instrument of transfer (if required). Where a sale or purchase of 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 duty otherwise chargeable thereon, and the transferee shall be liable to pay such duty.

4. 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.