The following discussion is a summary of certain anticipated tax consequences of our operations and of an investment in the Shares under tax laws of the PRC and Hong Kong. This discussion does not purport to address all possible tax consequences relating to our operations or to an investment in the Shares. In particular, the discussion does not address the tax consequences under non-Hong Kong and non-PRC tax laws. Accordingly, you should consult your tax advisor regarding the tax consequences of your investment in the Shares. The following discussion is based upon laws and relevant interpretations thereof in effect as of the date of this prospectus, all of which are subject to change.

PRC TAXATION

As our Company is not incorporated in the PRC, your investment in the Shares is largely exempt from PRC tax laws, except as disclosed in the section headed "Risk Factors – Risks Relating to Conducting Operations in China – We may be subject to PRC income taxes on our worldwide income or be required to withhold PRC income tax on dividends payable to our foreign shareholders, and your gains from selling our Shares may be subject to PRC income tax if we are deemed to be a PRC tax resident" in this prospectus. However, as our business operations are in the PRC and we carry out these business operations through operating subsidiaries organized under PRC law, our PRC operations and our operating subsidiaries in the PRC are subject to PRC tax laws and regulations, which indirectly affect your investment in the Shares.

Corporate Income Tax

Prior to January 1, 2008, the Shanghai local tax bureau granted to Far Eastern and Shanghai Donghong a preferential tax rate of 15%. The Tenth National People's Congress enacted the PRC Enterprise Income Tax Law (the "**PRC EIT Law**") on March 16, 2007, which provides for a uniform enterprise income tax rate of 25% for both domestic enterprises and foreign-invested enterprises. The PRC EIT Law took effect on January 1, 2008. As a result, the tax rate for domestic enterprises has been reduced to 25%, while the tax rate for foreign-invested enterprises that have enjoyed preferential tax treatment, has been increased to 25% upon the expiration of a transition period of five years. The PRC EIT Law also provides a transition period for enterprises that were entitled to certain preferential tax treatment prior to the promulgation of the PRC EIT Law. As a result, each of Far Eastern and Shanghai Donghong were subject to transitional tax rates of 18% in 2008, 20% in 2009 and 22% in 2010. Upon expiration of the tax privileges enjoyed under the current income tax laws, Far Eastern and Shanghai Donghong will not be subject to any preferential tax rates previously available and will instead be subject to the uniform tax rate of 25%.

Under the PRC EIT Law, enterprises established outside of the PRC whose "de facto management bodies" are located in the PRC are considered "resident enterprises" and will generally be subject to the uniform 25% enterprise income tax rate on their global income. Under the Implementation Regulations of the PRC Enterprise Income Tax Law (the "**Implementation Regulations**"), the term "de facto management body" is defined as a body which substantially manages, or has control over the business, personnel, finance and assets of an enterprise. According to a recent circular promulgated by the State Administration of Taxation, enterprises which are incorporated offshore while controlled by PRC domestic enterprise will be regarded as "resident enterprise" for PRC enterprise income tax purposes if their "de facto management body" is based in the PRC, with reference to certain specified criteria. These criteria include (a) the enterprise's day-to-day operational management is primarily exercised in the PRC, (b) decisions relating to the enterprise's financial and human resource matters are made or subject to approval by organizations or personnel in the PRC, (c) the enterprise's primary assets, accounting books and records, company seals, and board and shareholders' meeting minutes are located or maintained in the PRC and (d) 50% or more of voting board members or senior executives of the enterprise habitually reside in the PRC. We are currently not treated as a PRC resident enterprise by the relevant tax authorities. Since substantially all of our management is currently based in the PRC and is expected to remain in the PRC in the future, we cannot assure that we will not be considered as a "resident enterprise" under the PRC EIT Law and not be subject to the enterprise income tax rate of 25% on our global income in the future.

Dividends From Our PRC Subsidiaries

The PRC EIT Law and its Implementation Regulations provide that dividends sourced from PRC payable to "non-resident enterprises" shall be subject to PRC enterprise income tax at a rate of 10%. Such dividend tax rate may be further reduced by applicable tax treaties or arrangements. According to the Arrangement between the Mainland and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Evasion with respect to Taxes on Income, the withholding tax rate on dividends paid by a PRC resident enterprise to a Hong Kong resident enterprise is further reduced to 5% if the Hong Kong resident enterprise holds at least 25% equity interests in the PRC resident enterprise, and remains at 10% otherwise.

According to the PRC EIT Law and the Implementation Regulations, dividend payments between qualified PRC resident enterprises are exempted from enterprise income tax. As the PRC EIT Law and the Implementation Regulations have only recently taken effect, it remains unclear as to whether dividend payments from our PRC subsidiaries to us will be exempted from enterprise income tax if we are considered as a PRC resident enterprise for tax purposes.

Dividends We Pay to Our Shareholders

If we are not considered as a PRC resident enterprise for tax purposes under the PRC EIT Law and the Implementation Regulations, the distribution of dividends by us to our overseas Shareholders will not be subject to PRC tax. Under the PRC EIT Law and the Implementation Regulations, PRC withholding tax at a rate of 10% will normally be applicable to PRC-sourced income of non-resident enterprises, subject to adjustment by the applicable treaties. The Implementation Regulations further set forth that dividend income is viewed as PRC-sourced income if the enterprise that distributes dividends is domiciled in the PRC. If we are considered as a PRC resident enterprise for tax purposes, dividends paid by us to our overseas Shareholders may be regarded as PRC-sourced and therefore be subject to PRC withholding tax at the rate of up to 10%. As the PRC EIT Law and the Implementation Rules have only recently taken effect, it is currently unclear as to how the relevant PRC tax authorities would implement the law and the rules.

Transfer or Disposition of Shares by Our Shareholders

Under the PRC EIT Law and the Implementation Regulations, a withholding tax at a rate of 10% will normally be applicable to PRC-sourced income of non-resident enterprises, subject to adjustment by the applicable treaties. The Implementation Regulations further set forth that if capital gains are realized by non-resident enterprises from transferring equity interests of enterprises domiciled in the PRC, then such capital gains are regarded as PRC-sourced income. If we are considered as a PRC resident enterprise for tax purposes, transfer of Shares by our overseas Shareholders may be regarded as PRC-sourced income and subject to PRC withholding tax at the rate of up to 10%. As the PRC EIT Law and the Implementation Regulations have only recently taken effect, it is currently unclear as to how the relevant PRC tax authorities would implement the law and the rules.

HONG KONG TAXATION

Dividends

No tax is imposed in Hong Kong in respect of dividends our Company pays to our Shareholders. Dividends paid to our Shareholders are free of withholding taxes in Hong Kong.

Capital Gains and Profits 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 the Shares by persons carrying on a business in Hong Kong, where such gains are sourced in Hong Kong and arise from such business, 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 the rate of 15.0%. Gains from sale 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 sale of the 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 the Shares. 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 sale and purchase. In other words, a total of 0.2% of stamp duty is currently payable on a typical sale and purchase transaction of the Shares. In addition, any instrument of transfer (if required) will be subject to a flat rate of stamp duty of HK$5. Where a sale or purchase of the Shares is effected by a non Hong Kong resident and any stamp duty payable on the contract notes is not paid, the relevant instrument of transfer (if any) will be chargeable with such duty, together with the duty otherwise chargeable thereon, and the transferee will 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. 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 deaths occur on or after February 11, 2006.