

This Appendix contains a summary of laws and regulations in respect of taxation and foreign exchange in Hong Kong and the PRC**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 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.

PRC Taxation*Taxation of Dividends**Individual Investors*

Pursuant to the Provisional Regulations Concerning Questions of Taxation on Enterprise Experimenting with the Share System (《股份制試點企業有關稅收問題的暫行規定》) and the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) which was amended on December 29, 2007 and became effective on March 1, 2008 (the "New Individual Income Tax Law"), dividends paid by PRC companies are generally subject to a PRC withholding tax levied at a rate of 20%. For a foreign individual who is not resident of the PRC, the receipt of dividends from a company in the PRC is subject to a withholding tax of 20% unless reduced by an applicable tax treaty or specially exempted by the tax authority of the State Council. According to the Notice Regarding Issues Related to the Collection and Administration of Individual Income Tax After the Abolition of Guo Shui Fa [1993]045 Document (Guo Shui Han [2011] 348) (the "IIT Notice") issued by the SAT on June 28, 2011, (i) foreign resident individual shareholders ("FRIs") of a Hong Kong-listed PRC non-foreign-invested enterprise (an "Eligible Enterprise") can enjoy relevant preferential tax treatment in accordance with the tax treaties between China and the countries such individuals reside in and the tax arrangements between PRC mainland and Hong Kong and Macau; (ii) the Eligible Enterprise can withhold 10% of individual income tax ("IIT") when distributing dividend to FRIs, who need not separately apply for such treatment; (iii) FRIs subject to an individual income tax rate of lower than 10% can apply for refund; (iv) FRIs subject to an IIT rate higher than 10% but lower than 20% shall be subject to a withholding tax in accordance with the applicable tax rate under the relevant treaty when receiving dividend and need not separately apply for such treatment; and (v) FRIs residing in countries without tax treaties with the PRC, or other FRIs, shall be subject to a withholding tax rate of 20% when receiving dividend.

According to Circular of the Ministry of Finance and the State Administration of Taxation on Some Policy Issues Concerning Individual Income Tax (《財政部、國家稅務總局關於個人所得稅若干政策問題的通知》(財稅字[1994]020號)), the incomes gained by individual foreigners from dividends and bonuses of enterprise with foreign investment are temporarily exempt from individual income tax.

Enterprise

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Tax 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 paid to a Hong Kong resident from a PRC company, but such tax shall not exceed 10% of the total sum of the dividends payable. If a Hong Kong resident holds 25% or more of equity interest in a PRC company, such tax shall not exceed 5% of the total sum of dividends payable by that PRC company.

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) enforced from January 1, 2008 (the “New Enterprise Income Tax Law”) and Regulation on the Implementation of the Enterprise Income Tax Law of PRC (《中華人民共和國企業所得稅法實施條例》), a non-resident enterprise, which did not establish representative office or other facilities or its established representative office or facility has no actual connections with the dividends and bonus received, shall be subject to a 10% enterprise income tax on its revenues sourced in China. Such withholding tax may be reduced or exempted pursuant to an applicable double taxation treaty.

Pursuant to the Notice of the State Administration of Taxation on the Issues concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H-share Holders Which Are Overseas Non-resident Enterprises (《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》) (GuoShuiHan [2008] No. 897) which was promulgated by the State Administration of Taxation and became effective on 6 November 2008, a PRC resident enterprise, when distributing dividends for 2008 and for the years afterwards, shall be subject to the enterprise income tax withheld at a uniform rate of 10%. Such withholding tax may be reduced or exempted pursuant to an applicable double taxation treaty.

Tax Treaties

Investors who are not PRC residents but either reside in countries which have entered into double-taxation treaties with the PRC or reside in Hong Kong SAR or Macau SAR, 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 signed double-taxation avoidance arrangements with Hong Kong SAR and Macau SAR respectively, and has double-taxation avoidance treaties with a number of other countries, which include but not limited to Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom, the United States and etc. Under each of such double taxation avoidance treaties or arrangements, the rate of withholding tax imposed by PRC’s taxation authorities may be generally reduced.

Taxation of Capital Gains

Individual Investors

According to the New Individual Tax Law and the Implementation Rules of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》) as amended on February 18, 2008, gains realized on the sales of equity interests shall be subject to individual income tax at a rate of 20%.

Pursuant to the Notice on Continuing the Income Tax-Free Policy on the Share Transfer of Individual Holders (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) jointly issued by the Ministry of Finance and the SAT dated March 30, 1998, gains on the sale of shares of listed companies by individuals were 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 capital gains, unless such tax is reduced or eliminated by an applicable double taxation treaty.

Enterprise

Pursuant to the New Enterprise Income Tax Law and Regulation on the Implementation of the Enterprise Income Tax Law of PRC (《中華人民共和國企業所得稅法實施條例》), a non-resident enterprise, which did not establish representative office or other facilities or its established representative office or facility has no actual connections with the dividends and bonus received, shall be subject to a 10% enterprise income tax on its revenues sourced in China. Such withholding tax may be reduced or exempted pursuant to an applicable double taxation treaty.

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 China 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 Duty

No liability for estate tax under PRC law will arise from non-PRC national holding H Shares.

Income Tax

Pursuant to the New Enterprise Income Tax Law, enterprises incorporated in the PRC will pay enterprise income tax at a rate of 25% on income earned from production and operations, and on other income, with tax concessions available where laws and regulations have provided for tax exemption or reduction.

According to the *Notice on Tax Policy Issues Relating to the In-depth Implementation of the Western Development Strategy* (《關於深入實施西部大開發戰略有關稅收政策問題的通知》) issued by the Ministry of Finance, the General Administration of Customs and the SAT on July 21, 2011, the corporate income tax rate imposed on the enterprises located in Chongqing City, Sichuan Province, Guizhou Province, Yunnan Province, Tibet Autonomous Region, Shaanxi Province, Gansu Province, Ningxia Hui Autonomous Region, Qinghai Province, Xinjiang Uyghur Autonomous Region, Xinjiang Production and Construction Corps, Inner Mongolia Autonomous Region and Guangxi Zhuang Autonomous Region whose principal business belongs to the sector projects as stipulated in the *Catalogue for Encouraged Sectors in the Western Region* (《西部地區鼓勵類產業目錄》) and whose revenue from principal business accounts for over 70% of the total enterprise revenue shall be reduced to 15% for the period from January 1, 2011 to December 31, 2020. According to the *Notice on the Continuous Execution of Corporate Income Tax Concession Policy for Encouraged Projects in the Western Development* (《關於西部大開發鼓勵類項目繼續執行企業所得稅稅收優惠政策的公告》) issued by the Administration of Taxation of Inner Mongolia Autonomous Region on 27 July 2011, the enterprises that have originally enjoyed the income tax concession policy for encouraged sectors in the Western Development located within their jurisdictions, whose principal business projects belong to the encouraged projects listed in the *Guiding Catalogue on Adjustment of Sector Structure (2011 Version)* (《產業結構調整指導目錄》(2011年本)) issued by the NDRC, and whose revenue from principal business accounts for over 70% of the total enterprise revenue shall, upon the confirmation of the competent national tax authority, be entitled to make advance payments of corporate income tax at a provisional tax rate of 15%.

Value-add Tax

Pursuant to the PRC Provisional Regulations on Value-added Tax (《中華人民共和國增值稅暫行條例》) (“the VAT Regulations”) which became effective on January 1, 1994 and was amended in November 2008 and the relevant rules for implementation of this law, the Company shall be subject to the value-added tax (the “VAT”) for the goods sold in or imported to the PRC and for the provision of labor services of processing and/or repair and replacement in the PRC. 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 sales of goods or the provision of taxable services is the balance 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 (《中華人民共和國營業稅暫行條例》) that became effective on January 1, 1994 and was amended in November 2008 and the relevant rules for implementation of this law, 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. The tax rate on the provision of taxable labor services, assignment of intangible assets or sales of immovable property shall be 3%-20%.

Hong Kong Taxation

Taxation of 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 our Company.

Taxation of Capital Gains

No tax is imposed in Hong Kong in respect of capital gains from the sales of property such as the H Shares. However, trading gains from the sales 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% for corporations and at a maximum rate for individuals of 16.0%. Certain categories of taxpayers are likely to be regarded as deriving trading gains rather than capital gains (for examples, financial institutions, insurance companies and securities dealers) unless these taxpayers can prove that the investment securities are held for long-term investment. Trading gains from sales of H Shares effected on the Hong Kong Stock Exchange will be considered to be derived from or arising 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.

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\$5.0 is currently payable on any instrument of transfer of H shares. Where one of the parties to a transfer 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

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 H shares whose deaths occur on or after February 11, 2006.

FOREIGN EXCHANGE CONTROLS

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

Prior to December 31, 1993, a quota system was used in the PRC for the management of foreign currency. Any enterprise requiring foreign currency was required to obtain a quota from the local SAFE office before it could convert Renminbi into foreign currency through the PBOC or other designated banks. Such conversion had to be effected at the official rate prescribed by the SAFE on a daily basis. Renminbi could also be converted into foreign currency at swap centers. The exchange rates used by swap centers were largely determined by the demand for, and supply of, foreign currencies and the Renminbi requirements of enterprises in the PRC. Any enterprise that wished to buy or sell foreign currency at a swap center first had to obtain the approval from the SAFE.

On December 28, 1993, the PBOC, under the authority of the State Council, promulgated the Notice of the People's Bank of China Concerning Further Reform of the Foreign Currency Control System (《中國人民銀行關於進一步改革外匯管理體制的公告》) (the "Notice"), effective from January 1, 1994. The Notice announces the abolition of the system of foreign exchange quotas, the implementation of conditional convertibility of Renminbi in current account items, the establishment of the system of settlement and payment of foreign exchange by banks, and the unification of the official Renminbi exchange rate and the market rate for Renminbi established at swap centers. On March 26, 1994, the PBOC promulgated the Provisional

Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理暫行規定》) (the “Provisional Regulations”). The Provisional Regulations set out detailed provisions regulating the sale and purchase of foreign exchange by enterprises, economic organizations and social organizations in the PRC.

On January 1, 1994, the former dual exchange rate system for Renminbi was abolished and replaced by a controlled floating exchange rate system, which is determined by demand and supply. The PBOC sets and publishes daily the Renminbi-U.S. Dollar base exchange rate. This exchange rate is determined with reference to the transaction price for Renminbi-U.S. Dollar in the inter-bank foreign exchange market on the previous day. The PBOC will also, with reference to exchange rates in the international foreign exchange market, announce the exchange rates of Renminbi against other major currencies. In foreign exchange transactions, designated foreign exchange banks may, within a specified range, freely determine the applicable exchange rate in accordance with the exchange rate announced by the PBOC.

On January 29, 1996, the State Council promulgated new Regulations of the People’s Republic of China for the Control of Foreign Exchange (《中華人民共和國外匯管理條例》) (“Control of Foreign Exchange Regulations”) which became effective from April 1, 1996. The Control of Foreign Exchange Regulations classify all international payments and transfers into current account items and capital account items. Most of the current account items are no longer subject to SAFE approval while capital account items still are. The Control of Foreign Exchange Regulations were subsequently amended on January 14, 1997 and on August 5, 2008 respectively, the latest amendments affirmatively states that the State shall not restrict international current account payments and transfers.

On June 20, 1996, the 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 became effective on July 1, 1996. The Settlement Regulations supersede the Provisional Regulations and abolish 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 the basis of the Settlement Regulations, the PBOC also published the Announcement on the Implementation of Foreign Exchange Settlement and Sale at Banks by Foreign-invested Enterprises (《關於對外商投資企業實行銀行結售匯的公告》) (the “Announcement”). The Announcement permits foreign-invested enterprises to open, on the basis of their needs, foreign exchange settlement accounts for current account receipts and payments of foreign exchange along with specialized accounts for capital account receipts and payments at designated foreign exchange banks.

On October 25, 1998, the PBOC and the SAFE promulgated the Notice Concerning the Discontinuance of Foreign Exchange Swapping Business (《關於停辦外匯調劑業務的通知》) which became effective on December 1, 1998. According to the Notice, all foreign exchange swapping business in the PRC targeted on the foreign-invested enterprises shall be discontinued, while the trading of foreign exchanges by foreign-invested enterprises shall be carried out under the banking system for the settlement and sale of foreign exchange.

On July 21, 2005 the PBOC announced that, beginning from that date, it would implement a regulated and managed floating exchange rate system based on market supply and demand and by reference to a basket of currencies in the PRC. The Renminbi exchange rate is no longer pegged to the U.S. Dollar. The PBOC will announce the closing price of a foreign currency such as the U.S. Dollar traded against the Renminbi in the inter-bank foreign exchange market after the closing of the market on each business day, setting the central parity of Renminbi exchange rates on the following business day.

Starting from January 4, 2006, the PBOC introduced Over-the-counter transactions into the inter-bank spot foreign exchange market for the purpose of improving the formation mechanism of the central parity of Renminbi exchange rates, and the way of matching shall be kept at the same time. In addition to the above, the PBOC introduced the market-maker rule to provide liquidity to the foreign exchange market. After the introduction of Over-the-counter transactions, the formation mechanism of the central parity of Renminbi exchange rates is improved to be a mechanism where the China Foreign Exchange Trade Center would determine the central parity of Renminbi exchange rates based on the Over-the-counter transactions and

announce the central parity of Renminbi against U.S. Dollar at 9:15AM on each business day under the authorization of the PBOC.

Receipts over the current account items may be retained or sold to financial institutions in the business of foreign exchange sale and purchase in accordance with the relevant PRC regulations. Unless otherwise provided by the PRC regulations, approvals by the foreign exchange regulatory authorities shall be obtained for retaining or selling of receipts over the capital account items to financial institutions in the business of foreign exchange sale and purchase.

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 at the designated foreign exchange banks, on the strength of valid receipts and proof. 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 (like our Company), may on the strength of board resolutions on the distribution of profits, 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 and/or the relevant branch must be sought.

Dividends to holders of H Shares are declared in Renminbi but must be paid in Hong Kong dollars.