

PART A WITHHOLDING TAX

Dividend Distribution

Pursuant to the “Enterprise Income Tax Law of the People’s Republic of China” (the “**Enterprise Income Tax Law**”), “Notice of the State Administration of Taxation on Issues Concerning the Determination of Chinese-Controlled Enterprises Registered Overseas as Resident Enterprises on the Basis of Their Bodies of Actual Management” and “Announcement of the State Administration of Taxation on Issues Concerning the Determination of Resident Enterprises on the Basis of Their Actual Management Bodies”, and the State Administration of Taxation issued an approval under which the Company is regarded as an overseas registered Chinese-Controlled Resident Enterprise and implemented from 1 January 2013.

Pursuant to the Enterprise Income Tax Law and the “Regulations on the Implementation of Enterprise Income Tax Law of the People’s Republic of China” and other relevant enterprise income tax policies, the Company is required to withhold and pay 10% enterprise income tax when it distributes dividends to its non-resident enterprise shareholders starting from the year 2013.

Non-resident Enterprise Shareholders

Pursuant to Article 3 of the Enterprise Income Tax Law, where a non-resident enterprise has not set up any institutions or establishments in the People’s Republic of China (the “**PRC**”), or it has done so but the income it earns is not actually relevant to the said institutions or establishments, it shall pay enterprise income tax on the portion of its income generated from inside the PRC. Dividend income received by non-individual shareholders of the Company outside the territory of the PRC falls under such category, hence, such shareholders have an obligation to report and pay the relevant amount of enterprise income tax to the relevant PRC tax authority. According to relevant tax laws, the Company (as payer of the dividend) is obligated to withhold and pay the enterprise income tax to the relevant PRC tax authority as the withholding agent.

In respect of all shareholders whose names appear on the Company’s register of members as at the relevant record date for distribution of dividend who are not individuals (including HKSCC Nominees Limited, corporate nominees or trustees such as securities companies and banks, and other entities or organisations, which are all considered as non-resident enterprise shareholders), the Company will distribute the dividend after deducting an enterprise income tax of 10%.

If any resident enterprise (as defined in the Enterprise Income Tax Law) listed on the Company’s register of members which is duly incorporated in the PRC or under the laws of a foreign country (or a region) but with a PRC based de facto management body, does not desire to have the Company withhold and pay the 10% enterprise income tax, it shall lodge with Tricor Progressive Limited, the Company’s Hong Kong branch share registrar, documents from its governing tax authority confirming that the Company is not required to withhold and pay enterprise income tax in respect of the dividend that it is entitled.

Natural Person Shareholders

The Company will not withhold and pay the income tax in respect of the dividend payable to any natural person shareholders whose names appear on the Company’s register of members as at the relevant record date.