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Honiton Xilinguole and Honiton Baotou incorporated in the PRC are subject to PRC Enterprise Income Tax ("EIT") on taxable income at the statutory income tax rate of 25% in 2013 and 2014.

The components of loss (income) before income tax expense are as follows:

	Year ended December 31,	
	2013	2014
	US\$	US\$
Hong Kong	4,608	2,640
PRC	169	(1,364)
Total loss before income tax expense	4,777	1,276

The PRC income tax benefit recognized in the combined statements of comprehensive loss consists of deferred income tax benefit in the amount of US\$46 for the years ended December 31, 2013 and 2014. Income tax benefit for other jurisdictions is nil.

The actual income tax benefit reported in the combined statements of comprehensive loss for the years ended December 31, 2013 and 2014 differs from the amount computed by applying the PRC statutory income tax rate to income (loss) before income taxes due to the following:

	Year ended December 31,	
	2013	2014
	US\$	US\$
PRC statutory income tax rate	25.0%	25.0%
Increase (decrease) in effective income tax rate resulting from:		
Non-PRC entities not subject to income tax	(24.1%)	(51.7%)
Non-deductible general and administrative expenses	(0.6%)	(0.7%)
Change in valuation allowance	4.6%	33.5%
Others	(3.9%)	(2.5%)
Actual income tax benefit	1.0%	3.6%

The principal components of the Combined Entity's deferred income tax assets and liabilities are as follows:

	December 31,	
	2013	2014
	US\$	US\$
Gross deferred income tax assets:		
Accrued expenses and other current liabilities	249	235
Other non-current liabilities	3,316	3,101
Tax loss carryforwards	6,921	6,660
Total gross deferred income tax assets	10,486	9,996
Valuation allowance	(10,257)	(9,767)
Deferred income tax assets, net	229	229
Gross deferred income tax liabilities:		
Property, plant and equipment	(811)	(765)
Total gross deferred income tax liabilities	(811)	(765)
Net deferred income tax liabilities-noncurrent (included in other non-current liabilities)	(582)	(536)

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