9. TAXATION IMPLICATIONS

9.1. INTRODUCTION

The following is a general description of the Australian and Hong Kong tax consequences for Shareholders if the Scheme is implemented. Shareholders will need to consult their own tax advisors regarding the consequences of disposing of their Shares and acquiring, holding or disposing of their New Holdco Shares in light of their particular circumstances.

9.2. TAXATION

The Company notes, based on tax advice from its external advisers, that implementation of the Reorganisation Proposal is not expected to result in any material change to the overall tax position of the Group. Certain Shareholders may however be subject to capital gains tax.

Under the Hong Kong Inland Revenue Ordinance, no tax is payable in Hong Kong in respect of dividends with regard to the New Holdco Shares, either by withholding or otherwise.

As gains from sales of the New Holdco Shares effected on the Stock Exchange will be considered by the Hong Kong Inland Revenue Department to be derived from or arise in Hong Kong, Hong Kong profits tax may not be payable by any New Holdco Shareholders (other than the New Holdco Shareholders carrying on a trade, profession or business in Hong Kong and holding the New Holdco Shares for trading purposes) on any capital gains made on the sale or other disposal of the Shares, if the prescribed conditions are satisfied (i.e. under the situation that the Hong Kong Inland Revenue Department agreed the gain on disposal of the Shares is capital in nature, or the New Holdco Shareholders are not carrying on business in Hong Kong).

Trading gains from the sale of New Holdco 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 income tax rates of 16.5% on corporations and 15.0% on individuals, unless such gains are chargeable under the respective half-rates of 8.25% and 7.5% that may apply for the first HK$2 million of assessable profits for years of assessment beginning on or after 1 April 2018, if the prescribed conditions for electing the two-tiered Profits Tax Rates Regime are satisfied.

Shareholders should take advice from their own professional advisers as to their particular tax position.

9.3. AUSTRALIAN TAXATION OUTLINE

(a) Disposal of Shares

(1) **CGT Event A1**: CGT Event A1 should be applicable in respect of Shareholders upon disposal of their Shares.

(2) **Roll-over relief**: Most Australian resident shareholders (or non-resident Shareholders holding their Shares through an Australian permanent establishment) should be able to claim scrip-for-scrip rollover in respect of the disposal of their Shares. The availability of scrip-for-scrip rollover requires an election on the part of the relevant taxpayer, which for present purposes may be made by preparing the relevant tax return as if rollover had been applied.

Scrip-for-scrip rollover should enable each Shareholder to defer any capital gain made on disposal of the Shares, to the extent that the consideration received by Shareholders under the Scheme is in the form of New Holdco Shares. If Shareholders are for any reason not able to access scrip-for-scrip rollover relief, the CGT discount may still be available in respect of Shares held on capital account. Relevantly, the CGT discount is available in respect of capital gains made on the disposal of CGT assets by an individual, a trust or certain superannuation or life insurance entities, where that CGT asset has been held by the relevant taxpayer for at least 12 months (not including the date of acquisition or the date of disposal). Generally, the discount allows the relevant taxpayer to reduce the gain made by 50% if the taxpayer is an individual or trust, and by 33⅓% if the taxpayer is a qualifying superannuation or life insurance entity.

(3) **Revenue accounts and trading stock**: Where a Shareholder makes assessable income as a result of holding its Shares on revenue account or as trading stock, scrip-for-scrip rollover will not be available. Depending on the circumstances of a particular Shareholder, other tax relief may be available. Where no such relief is available, the market value of the disposal proceeds should be included in assessable income as normal.

(4) **Stamp duty**: Stamp duty in an Australian jurisdiction should not be payable by Shareholders on the disposal of their Shares.

(5) **GST**: The transfer of Shares should not be subject to GST.

(b) Acquisition of New Holdco Shares

(1) **Cost base**: To the extent that Shareholders qualify for roll-over relief, their cost base in New Holdco Shares should constitute the first element of their cost base in the replacement New Holdco Shares (taking into account the potential different number of shares held in each).

(2) **Stamp duty**: Stamp duty in an Australian jurisdiction should not be payable by Shareholders on the acquisition of New Holdco Shares.

(3) **GST**: The acquisition of New Holdco Shares should not be subject to GST.

(c) Dividend distributions by New Holdco

Dividends paid by New Holdco to Australian resident shareholders should be subject to tax at the shareholders' relevant marginal rates in respect of individuals, and at the applicable company tax rate if the shareholder is an Australian resident company. However, if the Australian resident company owns at least 10% of the shares in New Holdco, no Australian tax should be payable by that company in respect of the dividend.

(d) Disposal of New Holdco Shares

Australian resident shareholders of New Holdco should be subject to CGT upon disposal of their shares in New Holdco. However, certain Australian resident shareholders (e.g. individuals and trusts) may be eligible for the 50% CGT discount to reduce their capital gains. Individuals will include the amount of the capital gain in their assessable income and be taxed at their marginal tax rate. Australian resident companies will include the full amount of the capital gain in their taxable income (subject to any capital losses that may offset the gains) and be taxed at the applicable company tax rate.

(e) Australian tax considerations for the Company as a subsidiary of New Holdco

The Company will remain an Australian tax resident after becoming a subsidiary of New Holdco. The Company becoming a subsidiary of NewHoldco should not have any adverse tax consequences for the Company. There should be no impact on the tax attributes, including carried forward tax losses, of the Company as a result of becoming a subsidiary of New Holdco.

Dividends received by the Company from its wholly owned subsidiaries will remain exempt from Australian corporate income tax. On payment of dividends received from the Company's wholly owned subsidiaries, by the Company to New Holdco should be exempt from Australian dividend withholding tax where appropriately disclosed as 'conduit foreign income'. Dividends paid by the Company to New Holdco not sourced from dividends paid by the Company's wholly owned subsidiaries will prima facie be subject to dividend withholding tax.

9.4. HONG KONG TAXATION OUTLINE

(a) 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 New Holdco Shares, would ordinarily be payable by the purchaser on every purchase and by the seller on every sale of Hong Kong securities, including New Holdco Shares (in other words, a total of 0.2% is currently payable on a typical sale and purchase transaction involving New Holdco Shares). In addition, a fixed duty of HK$5.00 is currently payable on any instrument of transfer of New Holdco Shares. The transferor and the transferee are jointly and severally liable to the stamp duty payable. If no stamp duty is paid on or before the due date, a penalty of up to ten times the duty payable may be imposed. Based on the steps of the scheme as outlined above only nominal (HK$5.00) stamp duty should arise per transfer, and in any event, the Scheme provides that any stamp duty that may become payable in connection with the Scheme shall be paid by the New Holdco.

(b) AFRC transaction levy

The AFRC transaction levy was applicable to all sale and purchase of securities at 0.00015% per side with effect from 1 January 2022, which will be regarded as one of the transaction costs.

(c) Estate duty

Hong Kong estate duty was abolished effective from 11 February 2006. No Hong Kong estate duty is payable by Shareholders in relation to the Shares owned by them upon death.

(d) Exchange control

There are no exchange control regulations or currency restrictions in effect in Hong Kong.

(e) General

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation or other implications of the Reorganisation Proposal. It is emphasised that none of the Company, the New Holdco, any of their respective directors, officers, employees, agents, affiliates or advisers or any other persons involved in the Reorganisation Proposal accepts responsibility for any tax or other effects on, or liabilities of, any person or persons in connection with the Reorganisation Proposal in Hong Kong or any other jurisdictions.