C. WITHHOLDING TAX

1. TAXATION

The following taxation summary is based on the tax laws in Australia and Hong Kong in force and the administrative practices of the Australian and Hong Kong tax authorities as at the Latest Practicable Date. During the period of ownership of the Shares by investors, the taxation laws of Australia and Hong Kong, or their interpretation, may change (possibly with retroactive effect).

Australian and Hong Kong tax laws are complex. This summary is general in nature and is not intended to be an authoritative or complete statement of all potential tax implications for each investor or relied upon as tax advice. The precise implications of ownership or disposal will depend upon each investor's specific circumstances. Investors should seek their own professional advice on the taxation implications of holding or disposing of the Shares, taking into account their specific circumstances. No conclusion should be drawn with respect to issues not specifically addressed by this summary.

The below summary assumes that the Company continues to be an Australian tax resident.

A. Australian tax implications

Set out below is a general summary of the Australian income tax implications for Australian tax resident individuals, companies (other than life insurance companies), complying superannuation entities and foreign resident investors that will hold the Shares on capital account. These comments do not apply to investors that hold the Shares on revenue account or as trading stock, investors who are exempt from Australian income tax or investors subject to the taxation of financial arrangements regime (the "**Regime**") in Division 230 of the *Income Tax Assessment Act 1997* (Cth) and does not cover foreign tax implications of owning the Shares.

1.1 Dividends paid on the Shares

Australian individuals and complying superannuation entities

Dividends paid by the Company on a Share should constitute assessable income of an Australian tax resident investor. Australia has an imputation system where the concept of franking broadly represents the net Australian corporate tax paid by the company. When corporate tax entities make a distribution to its members, it can impute tax credits to the distribution to avoid double taxation at the corporate entity level and again when the member receives the distribution. This is called "franking" a distribution. Dividends can be "franked" to a maximum percentage reflecting the Australian corporate tax rate of 30% for Australian tax purposes. The franking credits attached to a distribution represent the amount of tax already paid by the corporate entity and can be used by the recipients as tax offsets. Where the franking credits attached to the distributions received by individuals or superannuation funds exceed their tax liability, they are entitled to a refund of the franking credits.

Australian tax resident investors who are individuals or complying superannuation entities should include the dividend in their assessable income in the year the dividend is paid, together with any franking credit attached to that dividend, assuming that the Company is not an exempting entity. Broadly, a company would be an exempting entity if it is at least 95% owned by foreign residents (including companies and individuals).

Subject to the 45 day rule as discussed further below, such investors should be entitled to a tax offset equal to the franking credit attached to the dividend. The tax offset can be applied to reduce the tax payable on the investor's taxable income. Where the tax offset exceeds the tax payable on the investor's taxable income, investors who are individuals or complying superannuation entities should be entitled to a tax refund equal to the excess.

To the extent that the dividend is unfranked, investors who are individuals will generally be taxed at the prevailing (marginal) rate on the dividend received (with no tax offset) and the superannuation entities will be taxed at a concessional rate of 15%.

Australian trusts and partnerships

Australian tax resident investors who are trustees (other than trustees of complying superannuation entities) or partnerships should include the dividend as well as the associated franking credits in the net income of the trust or partnership. The relevant beneficiary or partner may be entitled to a tax offset equal to the beneficiary's or partner's share of the net income of the trust or partnership.

Australian companies

Companies are also required to include both the dividend and the associated franking credits in their assessable income.

Companies are then entitled to a tax offset up to the amount of the franking credit attached to the dividend.

An Australian tax resident company should be entitled to a credit in its own franking account to the extent of the franking credits attached to the dividend received. This will allow the company to pass on the franking credits to its shareholders on the subsequent payment of franked dividends.

Excess franking credits received by Australian tax resident companies will not give rise to a refund entitlement but can be converted into carry forward tax losses instead.

Foreign tax resident investors

Fully franked dividends received by a foreign resident investor should not be subject to any Australian dividend withholding tax. However, refunds of imputation credits are not available for foreign investors.

Unfranked or partially franked dividends paid to a foreign resident investor should generally be subject to Australian dividend withholding tax to the extent of the unfranked component of the dividend. The rate of the dividend withholding tax (up to 30%) will depend on the country in which the relevant investor is resident. Such investors may be able to claim foreign tax credits for the Australian withholding tax in the jurisdiction in which they are a tax resident, depending on the tax law in the relevant jurisdiction. Investors should seek their own professional tax advice to confirm this.

2. SHARES HELD AT RISK — AVAILABILITY OF FRANKING CREDITS

The benefit of franking credits can be denied where an investor is not a "qualified person" in which case the amount of the franking credits will not be included in their assessable income and they will not be entitled to a tax offset.

Broadly, to be a "qualified person" two tests must be satisfied, namely the holding period rule and the related payment rule.

Under the holding period rule, an investor is required to hold the Shares at risk for a continuous period of not less than 45 days during the primary qualification period in order to qualify for franking benefits, including franking credits. The primary qualification period is the period commencing the day after the Shares were acquired and ending on the 45th day after the Shares became ex-dividend. This holding period rule is subject to certain exceptions, including where the total franking offsets of an individual in a year of income do not exceed AUD$5,000.

Under the related payment rule, a different testing period applies where the investor has made, or is under an obligation to make, a related payment in relation to the dividend. The related payment rule is applied within the period commencing on the 45th day before, and ending on the 45th day, after the day the Shares become ex-dividend.

Investors should seek professional advice to determine if these requirements, as they apply to them, have been satisfied.

There are specific integrity rules that prevent taxpayers from obtaining a tax benefit from additional franking credits where dividends are received as a result of "dividend washing" arrangements. Shareholders should consider the impact of these rules given their own personal circumstances.

B. HONG KONG TAX IMPLICATIONS

The below summary assumes that the Company continues to be an Australian tax resident.

1. DIVIDENDS PAID ON THE SHARES

Under the current legislation and practice of the Inland Revenue Department of Hong Kong, dividend income received by the Shareholders would generally not be chargeable to tax in Hong Kong.

No withholding tax are levied in Hong Kong on dividends paid to non-resident.