



investing in businesses



HGL Limited

ABN 25 009 657 961

*This is an important document.
If you are in any doubt about how to deal
with it you should consult your financial
adviser immediately.*

Registered Office:
Level 5, 34 Hunter Street, Sydney NSW 2000

Dividend Reinvestment Plan

The Directors of HGL Limited (HGL) established the Dividend Reinvestment Plan (DRP) to provide their shareholders with the opportunity of reinvesting their HGL dividends in ordinary shares in the Company at a discount to the weighted average market price of those shares.

Details of the HGL Dividend Reinvestment Plan, together with terms and conditions governing participation, are included in this booklet.

The information in this booklet is for general information only. As the Company cannot accept the responsibility for the financial affairs of its shareholders, it is recommended that the implications of the elections available to you be discussed with your own financial adviser.

Dividend alternatives- Summary

Cash Dividend

DIVIDEND TYPE Normal cash dividend paid in Australia by HGL.

TAX LIABILITY Residents of Australia will be assessable but tax liability will depend on the declared franked percentage.

Non-residents will be subject to Australian withholding tax to the extent that the dividend is unfranked.

Dividend Reinvestment Plan

DIVIDEND TYPE HGL share at average market price minus discount approved by Directors.

TAX LIABILITY Australian tax liability depends on the declared franking percentage. Australian shareholders will be subject to tax on the sale of shares. However the cost base will be the amount of dividend.

Non-residents will be subject to Australian withholding tax to the extent that the dividend is unfranked. The remaining portion of the dividend will be available for participation in the Dividend Reinvestment Plan.

More details of these two alternatives are given on the following pages.

Cash dividend

Shareholders will receive their dividend in cash unless they complete an Application Form to participate in the Company's Dividend Reinvestment Plan. If you wish to continue to receive a cash dividend no action is required on your part.

Australian Tax Implications

The tax implications of a cash dividend received by a shareholder in terms of this alternative are:

- Dividends paid to an Australian resident are assessable income but the shareholder's tax liability thereon will depend on the declared franked percentage.
- Dividends paid to non-residents of Australia will be exempt from Australian withholding tax to the extent that the dividend has been franked.

Given the complex nature of taxation and other legislation in all relevant jurisdictions and the diverse taxation and financial circumstances applying to HGL shareholders, the Company cannot, and also does not, offer any advice to any shareholders on the taxation or other effects or consequences of the receipt of dividends or participation in the Dividend Reinvestment Plan.

Dividend Reinvestment Plan (DRP)

Outline of the DRP

- The purpose of the DRP is to provide shareholders with the opportunity to reinvest cash dividends in shares of HGL at a discount on market price.
- The right to participate is extended to all shareholders except those with a registered address in the United States of America, its territories or possessions.
- Shareholders may elect to participate in the DRP in respect of part or all of their shareholding.
- The allotment price of shares is the weighted average sale price per share (expressed in cents and fractions of cents) of all fully paid ordinary shares of the Company sold on the Australian Stock Exchange on the date on which the Company's ordinary shares are first quoted for sale on an ex-dividend basis in respect of the relevant dividend and each of the 4 trading days immediately following that date, minus a discount, if any, of up to 7.5% of such weighted average sale price, determined by the Directors.
- The new shares are allotted by HGL with no brokerage costs payable by participants and with all administration costs of the DRP met by HGL. Under current law there is no stamp duty liability. The Company does not assume liability for any taxes or other imposts assessed against or imposed on a shareholder as a consequence of their participation in the DRP.

- If a shareholder wishes to participate in the DRP, an Application Form, available from the Share Registry, must be completed.
- A participant in the DRP may withdraw from or vary participation at any time by completing a Notice of Variation or Termination Form, which is available from the Share Registry.
- All Applications or Notices of Variation must be received by the Share Registry by no later than 5.00pm on the record date for a forthcoming dividend in order to take effect for that dividend.

Australian Tax Implications (under current legislation)

- The value of the dividends reinvested in the DRP are assessable income of an Australian resident and the tax liability thereon will depend upon the declared franked percentage and each shareholder's taxation position.
- The value of the dividends reinvested in the DRP by non-residents of Australia will be exempt from Australian withholding tax to the extent that the dividend is franked.
- For capital gains tax purposes the acquisition date of the shares received on the reinvestment of the dividend will be the date the shares are issued. The cost base of the new shares will be the amount of the dividend, excluding the franking credits attaching to, and any withholding tax deducted from, the dividend.

Given the complex nature of taxation and other legislation in all relevant jurisdictions and the diverse taxation and financial circumstances applying to HGL shareholders, the Company cannot, and also does not, offer any advice to any shareholder on the taxation or other effects or consequences of the DRP.

Shareholders considering making a dividend election should not rely on any statement made by or on behalf of the Company but should obtain their own advice in relation to the financial and taxation implications thereof. The Company takes no responsibility for the taxation implications for shareholders arising out of the DRP.

Terms and Conditions

The terms and conditions applicable to the Dividend Reinvestment Plan (DRP) are:

1. Eligibility

All shareholders of HGL are eligible to participate in the DRP although current participation in the DRP shall not be extended to shareholders who have a registered address in the United States of America, its territories or possessions.

2. Application for participation

Should a shareholder wish to participate in the DRP the shareholder must submit an Application to the Directors of the Company in a Form approved by the Directors from time to time (participation notice).

Participation and any variations will take effect from the next record date for determining entitlement to a dividend following receipt by the Directors of a participation notice or as otherwise notified by the Directors.

3. Degree of participation

A shareholder may request participation in the DRP to the extent of all or part of the shareholder's holding in HGL.

Any shares issued in respect of participating shares in the DRP, shall also participate in the DRP.

4. Operation of the DRP

Upon the Directors receiving a duly completed participation notice the Directors shall allocate that part of a shareholder's dividend which is paid in respect of the participating shares in payment of such whole number of shares (rounded up or down as determined by the Directors in their discretion) paid up in full as is determined in accordance with the following formula:
 $(S \times D - T) \div C$

Where:

S: is the number of shares in respect of which a participation notice has been received;

D: is the amount of the dividend in cents and fractions of cents per share to which the shares will be entitled for the relevant dividend; and

D: is the amount of withholding tax, if applicable; and

C: is the weighted average sale price per share (expressed in cents and fractions of cents) of all fully paid ordinary shares of the Company sold on the Australian Stock Exchange on the date on which the Company's ordinary shares are first quoted for sale on an ex-dividend basis in respect of the relevant dividend and each of the 4 trading days immediately following that date, minus a discount, if any, of up to 7.5% of such weighted average sale price, determined by the Directors.

Determination by the Directors as to the number of shares to be issued shall be conclusive.

5. Shares allotted

Shares allotted under the DRP will rank from the date of allotment equally in all respects with existing fully paid shares of the Company unless the Directors otherwise determine.

6. Withdrawal and variation

A shareholder may give the Company at any time notice, in the form approved from time to time by the Directors, that it wishes to withdraw from the DRP or vary its participation and from the next record date will then receive cash dividends.

7. Priority

If a shareholder participating in the DRP sells or otherwise disposes of part of its shares, then the sale or other disposition, in the absence of contrary notification to the Directors, shall be deemed to relate to the shares held by such shareholder in the following order:

- (a) those shares receiving cash dividends from HGL;
- (b) those shares participating in the DRP.

8. Duration and administration

A DRP election made under a participation notice will continue in force until terminated by the shareholder.

Sale or other disposition of the legal title of participating shares including the death of a shareholder will terminate the election in respect of those shares.

The DRP may be varied, suspended or terminated by the Directors of HGL at any time.

Enquiries

Enquiries on the Dividend Reinvestment Plan should be directed to the Company Secretary at -

HGL Limited

Level 5, 34 Hunter Street, Sydney NSW 2000 or
GPO Box 4406, Sydney NSW 2001

Telephone: 02 9221 7155

Facsimile: 02 9233 2713

Email: hgl@hgl.com.au

Whilst any enquiries relating to specific shareholder information should be directed to -

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GPO Box 7045, Sydney NSW 1115

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