

Notice on Italian Financial Transactions Tax (“IFTT”)

According to announcement issued by PRADA S.p.A. (Stock Code: 01913) (“the Announcement”) via The Stock Exchange of Hong Kong’s official website at www.hkexnews.hk, we are informed that IFTT was introduced with effect from 1st March 2013 which applies to transactions of shares issued by or other financial instruments relating to companies resident in Italy (e.g. PRADA S.p.A., Stock Code: 01913) (“Italian Securities”).

The applicable tax rate of IFTT is 0.2% (0.22% for Year 2013). The calculation of IFTT is based on the final net purchase balance of shares multiplied by the weighted average purchase price of the Italian Securities made on the same day.

Appended below are examples for your easy understanding:-

Example 1

Transactions of Italian Securities conducted on the same day	<ul style="list-style-type: none"> • Buy 1,000 shares at HK\$75.25 • Buy 2,000 shares at HK\$72.65 • Sell 1,500 shares at any price 	
Net purchase balance of shares	1000 + 2000 – 1500	1,500
Average purchase price	$[(1000 \times \$75.25) + (2000 \times \$72.65)] \div 3000$	\$73.52
IFTT payable	$1500 \times \$73.52 \times 0.22\%$	\$242.62

In this example, the customer is required to pay IFTT of HK\$242.62.

Example 2

Transactions of Italian Securities conducted on the same day	<ul style="list-style-type: none"> • Buy 1,000 shares at HK\$75.25 • Buy 2,000 shares at HK\$72.65 • Sell 3,000 shares at any price 	
Net purchase balance of shares	1000 + 2000 – 3000	0
Average purchase price	$[(1000 \times \$75.25) + (2000 \times \$72.65)] \div 3000$	\$73.52
IFTT payable	$0 \times \$73.52 \times 0.22\%$	\$0

In this example, the customer is not required to pay any IFTT.

According to the Announcement, we are also informed that the application and implementation of IFTT may be subject to changes and amendments by the Italian authorities.

Accordingly, we shall have to collect the IFTT based on net purchase quantity of Italian Securities under the same securities account. For technical reason, we have also arranged for purchase orders of Italian Securities to be accepted only via Securities Trading Hotline at (852) 2544-9911 until further notice.

You should seek professional advice should you have any queries about the taxation consequences of trading or dealing in Italian Securities.

For enquiry, please call our Securities Services Hotline at (852) 2581-1468.

Public Bank (Hong Kong) Limited