

Tax Strategy

This document, approved by the Board of Directors, sets out H. K. S. Holdings Limited's and its UK subsidiaries, H.K.S. Motors Limited, H. K. S. Retail Limited, Brobot Group Limited and Brobot Petroleum Limited's, (hereafter referred to as the Group) approach to conducting its tax affairs and dealing with tax risks. It will remain in effect until any amendments are approved by the Board of Directors. The strategy will be reviewed on an annual basis. In making this strategy available, the Group is fulfilling its obligations under Schedule 19 Finance Act 2016.

Risk management

Tax risk management is fundamental to the Group. Tax matters are proactively managed through a clear internal governance framework, together with robust business controls and processes.

Responsibility and accountability for the Group's tax affairs lies with the Board of Directors. Tax compliance is monitored regularly as part of a consistent internal reporting cycle. The Group's internal structure is set up to ensure that The Board of Directors understand the importance of tax as a group function, and how the risk associated with the delivery of a compliant tax strategy is managed. There is a constant dialogue between the Board and those individuals tasked with the operation of the tax function regarding the way the business manages its tax risk.

Risk issues identified as part of this continuous cycle are reported to the Board of Directors. Internal systems, processes and controls are reviewed annually to ensure that they are robust and continue to be fit for purpose. Where there is uncertainty as to the application or interpretation of tax law, appropriate written advice evidencing the facts, risks and conclusions may be taken from third party advisers to support the decision-making process.

Tax planning

The Group believes that it has a responsibility to pay the amount of tax legally due to HMRC when this arises. There may, however, be circumstances where the tax due is not clearly defined, or where alternative interpretations may result in differing tax outcomes. The Group will use its best judgement in determining the appropriate course of action, and external advice may be sought to support the Group.

The Group's tax planning aims to support the commercial needs of the business by ensuring that the Group's affairs are carried out in the most tax efficient manner, whilst remaining compliant with all relevant laws. Accordingly, we may utilise tax incentives or opportunities for obtaining tax efficiencies where these:

- are not considered to carry significant reputational risk or significant risk of damaging our relationship with the tax authorities in the jurisdictions in which we operate,
- are aligned with the intended policy objectives of the governments which introduced the incentives, and
- are aligned with our business or operational objectives.

Any tax planning undertaken will have commercial and economic substance and will have regard to the potential impact on our reputation and broader goals. We will not undertake planning that is contrived or artificial. We do not tolerate tax evasion, nor do we tolerate the facilitation of tax evasion by any person(s) acting on the Group's behalf.

The level of risk that the Group is prepared to accept in relation to UK taxation

In operating the Group's tax risk management and governance processes, the Group has a low appetite towards tax risk. The Group is committed to full compliance with its tax obligations, and seek to ensure that tax arrangements remain consistent with a low risk assessment, both in financial and reputational terms.

The Group's approach to its dealings with HMRC

The Group is committed to the principles of openness and transparency in its approach to dealing with HMRC.

All dealings with HMRC and other relevant bodies will be conducted in a collaborative and timely manner. The aim is for early agreement on disputed matters, and to achieve certainty wherever possible. In particular the Group commits to:

- Make accurate and timely disclosure in correspondence and returns, and respond to queries and information requests in a timely fashion;
- Engage in full, open and early dialogue with HMRC to discuss tax planning, strategy, risks and significant transactions;
- Seek to resolve issues with HMRC in a timely manner, and where disagreements arise work with HMRC to resolve issues by agreement where possible.
- Be open and transparent about decision-making, governance and tax planning.
- From time to time, we recognise that our views (or those of our advisors) on the appropriate tax treatment in any given case may differ from those of the tax authorities. Where such circumstances arise, we will work constructively and proactively with the tax authorities in question with a view to achieving an early resolution to any matters arising.