Set out below is a summary of certain provisions of the Articles of the Company, the BCBCA (the governing corporate law of the Company) and a description of certain TSX Listing Policies.

GENERAL

The Company was incorporated on May 31, 2000 under the Company Act (British Columbia) (the predecessor statute to the BCBCA). The Company was listed on the TSX-V on April 23, 2001 and graduated from the TSX-V and began trading on the TSX on October 6, 2006.

SUMMARY OF SHARE CAPITAL

The following is a summary of the share capital and the Articles of the Company.

The authorized share capital of the Company originally consisted of an unlimited number of Shares and an unlimited number of preferred shares without par value (the "Preferred Shares"). The total number of issued Shares capital of the Company as of the Latest Practicable Date was 172,019,459 Shares. Pursuant to the special resolution passed by the Shareholders on October 14, 2010, the class of Preferred Shares was removed. See "Appendix VIII — Statutory and General Information — Resolutions of our Shareholders" for further information. There are no special rights and restrictions attached to the Shares.

All of the Shares have been and will be issued in accordance with the laws of British Columbia as well as with the provisions of the Articles. There is generally no limit in the BCBCA on the power of the Directors to issue Shares provided that no Share may be issued unless and until it is fully paid. However, the TSX Listing Policies require that prior TSX approval be obtained by the Company for any proposed issuance of its Shares, or any securities convertible into or exchangeable for, the Shares. Furthermore, Part 6 of the TSX Company Manual requires the approval of Shareholders for any issuance of Shares, or any securities convertible into or exchangeable for, Shares if such issuance:

- materially affects control of the listed issuer; or
- provides consideration to insiders in aggregate of 10% or greater of the market capitalization of the listed issuer and has not been negotiated at arm's length.

Additionally, the TSX will require that security holder approval be obtained for private placements:

- for an aggregate number of listed securities issuable that is greater than 25% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis, prior to the date of closing of the transaction if the price per security is less than the market price; or
- that during any six month period are to insiders for listed securities or options, rights or other entitlements to listed securities greater than 10% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis, prior to the date of closing of the first private placement to an insider during the six month period.

There is no similar statutory requirement under the BCBCA or the TSX Listing Policies, as is found under Hong Kong law, providing that Shareholders have a right to be offered any Shares in the Company which are being newly issued for cash before the same can be offered to new Shareholders. Consequently, there is no requirement for Shareholders in general meetings to provide a waiver to this obligation.

Subject to the TSX Listing Policies, the Company, in accordance with the BCBCA and its Articles, may by special resolution of its Shareholders:

- consolidate and combine all or any of its outstanding Shares into Shares of a lesser number; and
- sub-divide all or any of its outstanding Shares into Shares of a greater number.

Subject to the BCBCA, the Company may give financial assistance to any person for any purpose, including the purchase by such person of the Shares on such terms and at such times as may be determined by the Directors from time to time. The Company must provide disclosure where the financial assistance is material to the Company and is given to any of (a) a person known to be a shareholder, beneficial owner of a Share, Director, officer or employee of the Company or an affiliate of the Company, (b) a person known to the Company to be an associate of the persons referred to in paragraph (a), or (c) any person for the purpose of a purchase by that person of a Share issued or to be issued by the Company or an affiliate of the Company. There are exemptions to the disclosure requirement, many of which deal with related companies. In circumstances where disclosure is required, the disclosure must contain a brief description of the financial assistance, including the nature and extent thereof, the terms of the financial assistance and the amount given.

The Directors are not required to hold any Shares in the Company.

SUMMARY OF KEY BRITISH COLUMBIA CORPORATE LAWS AND THE ARTICLES

The following is a summary of some key provisions of the BCBCA, the TSX Listing Policies and the Articles of the Company.

Capacity

Pursuant to section 30 of the BCBCA, the Company has the legal capacity and rights, powers and privileges of an individual of full capacity. The Company does not have an objects clause in its Articles because it is not required under the BCBCA.

Voting rights

Each Shareholder entitled to vote may vote in person or by proxy, attorney or representative of a body corporate. A corporate shareholder may appoint a person to act as its representative at any meeting of the shareholders of the Company provided that the instrument appointing such representative must: (i) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice for the receipt of proxies, or if no number of days is specified, two business days before the day set for the holding of the meeting; or (ii) be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting.

On a show of hands every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder holding a Share carrying the right to vote has one vote and on a poll every person present who is a Shareholder or proxy, attorney or representative of a Shareholder shall in respect of each Share carrying the right to vote held by him have one vote per Share.

The TSX Listing Policies require that the legal designation of a class of securities, which shall be set out in a company's constitution documents and which shall appear on all security certificates representing such securities, shall, except where the securities are preference securities and are legally designated as such, include the words: (i) "subordinate voting" if the voting rights attached to the securities are subordinate to the voting rights of other securities; (ii) "non-voting" if the securities are non-voting securities; or (iii) "restricted voting" if the securities have limited or restricted voting rights. The Company has not issued a class of subordinate voting, non-voting or restricted voting securities.

Special Resolution

The majority of votes required for the Company to pass a special resolution at a meeting of shareholders is two-thirds of the votes cast on the resolution.

Dividends

Subject to the BCBCA, the Directors may from time to time declare and authorize payment of such dividends as they may deem advisable, including the amount thereof and time and method of payment provided that the record date for the purpose of determining Shareholders entitled to receive payment of the dividend must not precede the date on which the dividend is to be paid by more than two months.

A dividend may be paid wholly or partly by the distribution of cash or cash equivalents, specific assets or of fully paid Shares or of bonds, debentures or other securities of the Company, or in any one or more of those ways. No dividend may be declared or paid in money or assets if there are reasonable grounds for believing that the Company is insolvent or the payment of the dividend would render the Company insolvent.

No dividend bears interest against the Company and any dividend or other distribution payable in cash in respect of Shares may be paid by cheque, made payable to the order of the person to whom it is sent. The mailing of such cheque will, to the extent of the sum represented by the cheque (plus the amount of the tax required by law to be deducted), discharge all liability for the dividend unless such cheque is not paid on presentation or the amount of tax so deducted is not paid to the appropriate taxing authority.

The Company's dividends do not lapse.

Liquidation

Liquidation is the process under the BCBCA by which the Company may be wound up, as its debts and liabilities are satisfied and any remaining assets are distributed to Shareholders. The liquidation process can be voluntary or under a court order. A voluntary liquidation is initiated by the Shareholders. A court of competent jurisdiction may order liquidation on application of any one of a number of "appropriate persons" as determined in accordance with the BCBCA.

A voluntary liquidation begins when the Shareholders pass a special resolution resolving to liquidate the Company and appoint, by ordinary resolution, a liquidator. The appointment of a liquidator suspends the powers of the Directors. The liquidator has a duty, subject to the BCBCA, to use his or her own discretion in realizing the assets of the Company or distributing those assets among the creditors and Shareholders of the Company.

The liquidator must:

- dispose of the assets of the Company other than assets to be distributed in kind to the Shareholders;
- pay or make provision for all of the Company's liabilities;
- invest money in investments approved for trustees pending distribution to creditors and Shareholders; and
- after paying or providing for all liabilities, distribute the remaining assets in money or in kind among the Shareholders according to their rights and interests in the Company.

A Company may also dissolve upon an ordinary resolution without going through a liquidation process, including appointment of a liquidator, if it has disposed of all assets and liabilities in advance of the liquidation.

Transfer of Shares

The Company's Articles provide that a transfer of a Share must not be registered unless:

- a duly signed instrument of transfer in respect of the Share has been received by the Company;
- if a Share certificate has been issued by the Company in respect of the Share to be transferred, that Share certificate has been surrendered to the Company; and
- if a non-transferable written acknowledgment of the Shareholder's right to obtain a Share certificate has been issued by the Company in respect of the Share to be transferred, that acknowledgment has been surrendered.

The instrument of transfer in respect of any Shares must be either in the form, if any, on the back of the Share certificates or in any other form that may be approved by the Directors from time to time.

Neither the Company nor any Director, officer or agent of the Company is bound to inquire into the title of the person named in the instrument of transfer as transferee or, if no person is named as transferee in the instrument of transfer, of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered or is liable for any claim related to registering the transfer by the Shareholder or by any intermediate owner or holder of the Shares, of any interest in the Shares, of any share certificate representing such Shares or of any written acknowledgment of a right to obtain a share certificate for such Shares.

There must be paid to the Company, in relation to the registration of any transfer, the amount, if any, determined by the Directors.

Subject to the TSX Listing Policies and other applicable laws, there are no restrictions on the transfer of Shares in the Articles of the Company.

Variation of rights

If at any time the share capital of the Company is divided into different classes of Shares, the rights attached to any class may be varied or abrogated in any way with the sanction of a special resolution passed at a separate meeting of the holders of the Shares of that class and a special resolution passed at the Company's general meeting.

The rights conferred on the holders of the Shares of any class are deemed not to be varied by the creation or issue of further Shares ranking equally with the first-mentioned Shares unless otherwise:

- expressly provided by the terms of issue of the first-mentioned Shares; or
- required or permitted by the BCBCA.

Borrowing powers

The Company, if authorized by the Directors, may:

- borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that they consider appropriate;
- issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as they consider appropriate;
- guarantee the repayment of money by any person or the performance of any obligation of any other person; and
- mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

Issue of Shares

Subject to the BCBCA and the TSX Listing Policies, the Company's unissued share capital is under the control of the Directors who may issue all or any of the same to such persons at such times and on such terms and conditions and for the issue prices (including any premium at which shares with par value may be issued) that the Directors may determine. A Share must not be issued until it is fully paid. A Share is fully paid when consideration is provided to the Company for the issue of the Share in past services performed for the Company, property or money. Shareholder approval is required for an issuance of new shares on a private placement basis in an amount greater than 25% of the number of shares that are outstanding prior to such issuance and such shares are issued below market price.

Small Shareholder Purchase and Sale Arrangements

Part VI of the TSX Company Manual provides for a procedure whereby the Company can assist Shareholders who hold a quantity of Shares that is less than a prescribed board lot ("odd lot holders") and who wish to either sell their Shares or buy enough additional Shares to increase their holding to a board lot. Participation by an odd lot holder in any odd lot sale or purchase arrangement established pursuant to Part VI of the TSX Company Manual is purely voluntary and under no circumstances can the Company compel an odd lot holder to sell or purchase any Shares thereunder. The Company has not, to date, established an odd lot sale or purchase arrangement.

Indemnification

Subject to the BCBCA, the Company must indemnify a Director, former Director and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and the Company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. An "eligible penalty" is a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding. An "eligible proceeding" is a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a Director or former Director of the Company (an "eligible party") or any of the heirs and legal personal representatives of the eligible party, by reason of the eligible party being or having been a Director:

- is or may be joined as a party; or
- is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding.

The Company may not indemnify an eligible party or pay such eligible party's expenses in certain circumstances prescribed by the BCBCA including circumstances in which:

- in relation to the subject matter of the eligible proceeding, the eligible party did not act honestly and in good faith with a view to the best interests of the Company or any associated corporation, as the case may be; or
- in the case of an eligible proceeding other than a civil proceeding, the eligible party did not have reasonable grounds for believing that the eligible party's conduct in respect of which the proceeding was brought was lawful.

Subject to any restrictions in the BCBCA, the Company may indemnify any person. In addition, the Company must, subject to the exceptions noted above, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by certain persons, including the officers and former officers of the Company and its affiliates if such person(s) (a) have not been reimbursed for those expenses, and (b) are wholly successful, on the merits or otherwise, in the outcome of the proceeding or are substantially successful on the merits in the outcome of the proceeding.

The Company may purchase and maintain insurance for the benefit of any person (or his or her heirs or legal personal representatives) who:

- is or was a Director, officer, employee or agent of the Company;
- is or was a Director, officer, employee or agent of a corporation at a time when the corporation is or was an affiliate of the Company;
- at the request of the Company, is or was a director, officer, employee or agent of a corporation or of a partnership, trust, joint venture or other unincorporated entity; or
- at the request of the Company, holds or held a position equivalent to that of a director, alternate Director or officer of a partnership, trust, joint venture or other unincorporated entity

against any liability incurred by him or her as such director, officer, employee or agent or person who holds or held such equivalent position.

Pensions and gratuities for Directors

Although not prohibited from doing so, the Company does not currently pay any gratuity or pension or allowance on retirement to any Director who has held any salaried office with the Company or to his or her spouse or dependants nor make contribution to any fund or pay premiums for the purchase or provision of any such gratuity, pension or allowance.

Disclosure of Directors' interests

A Director or senior officer of the Company holds a disclosable interest in a contract or transaction if (a) the contract or transaction is material to the Company, (b) the Company has entered, or proposes to enter, into the contract or transaction, and (c) either of the following applies to the Director or senior officer: (i) the Director or senior officer has a material interest in the contract or transaction; or (ii) the Director or senior officer is a director or senior officer of, or has a material interest in, a person who has a material interest in the contract or transaction. A Director or senior officer who holds a disclosable interest must disclose the nature and extent of the conflict as required by the BCBCA. There are certain exceptions from the disclosable interest requirements which apply specifically to wholly owned subsidiaries and related companies.

A Director or senior officer who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is liable to account to the Company for any profit that accrues to the Director or senior officer under or as a result of the contract or transaction, unless the procedures for disclosure and approval as provided in the BCBCA are complied with.

No Director or senior officer is disqualified by his or her office from contracting with the Company either with regard to the holding of any office or place of profit the Director or senior officer holds with the Company or as vendor, purchaser or otherwise, and no contract or transaction entered into by or on behalf of the Company in which a director or senior officer is in any way interested is liable to be voided for that reason.

Subject to the BCBCA, a Director, senior officer, or any person in which a Director or senior officer has an interest, may act in a professional capacity for the Company, except as auditor of the Company, and the Director, senior officer, or such person is entitled to remuneration for professional services as if that Director or senior officer were not a Director or senior officer, as applicable.

A Director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a Director or senior officer, must disclose the nature and extent of the conflict as required by the BCBCA.

A Director may be or become a director, officer or employee of, or otherwise interested in, any person in which the Company may be interested as a shareholder or otherwise, and, subject to the BCBCA, the Director is not accountable to the Company for any remuneration or other benefits received by him or her as director, officer or employee of, or from his or her interest in, such other person.

Restrictions on Directors' voting

A Director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is not entitled to vote on any Directors' resolution to approve that contract or transaction, unless all the Directors have a disclosable interest in that contract or transaction, in which case any or all of those Directors may vote on such resolution. A situation where all directors have a disclosable interest is extremely rare but could arise for example, if the Company ever issues shares to all directors outside the scope of their remuneration. In this circumstance, all the directors would declare their interest in the transaction (with such declaration being noted in the minutes or consent resolution) and would then vote on the matter. Additionally, the Directors are subject to their overriding duties to act in the best interest of the Company.

A Director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter and who is present at the meeting of Directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the Director votes on any or all of the resolutions considered at the meeting.

Number of Directors

The Company's Articles provide that the number of Directors of the Company will be the greater of three (3) and the number of Directors is fixed by ordinary resolution. In the absence of any such ordinary resolution, the number of Directors of the Company will be the greater of three (3) and the number of Directors actually elected at the last meeting of Shareholders at which an election of Directors took place. The incumbent Directors may, between annual meetings of Shareholders, appoint one or more additional Directors up to a maximum of one-third of the Directors elected by the Shareholders at the last meeting of Shareholders at which an election of Directors took place. All Directors must be individuals. There are no residency requirements for Directors under the BCBCA. A Director is not required to hold Shares issued by the Company.

Any Director (an "Appointor") may by notice in writing to the Company appoint any person (an "Appointee") who is qualified to act as a Director to be his or her alternate to act in his or her place at meetings of the Directors or committees of the Directors at which the Appointor is not present unless (in the case of an Appointee who is not a Director) the Directors have reasonably disapproved the appointment of such person as an alternate Director and have given notice to that effect to his or her Appointor within a reasonable time after the notice of the appointment is received by the Company.

Directors' term of office

Unless a Director dies, resigns or is removed from office in accordance with the BCBCA, the term of office of each of the incumbent Directors ends at the conclusion of the next annual meeting of the Shareholders following his or her most recent election or appointment.

General meetings

Unless an annual general meeting is deferred or waived in accordance with the BCBCA, the Company must hold an annual general meeting at least once in each calendar year and not more than 15 months after the date of the last annual general meeting at such time and place as may be determined by the Directors.

The Directors may, whenever they think fit, call a meeting of Shareholders. The Company can hold its general meeting at a specified location outside of British Columbia if so authorized by the Directors. At least 21 days' notice must be given to the Shareholders of a general meeting.

Shareholders who hold in the aggregate at least 5% of the issued Shares of the Company that carry the right to vote at general meetings may requisition a meeting of Shareholders. If the Directors do not, within 21 days after the date on which the requisition is received by the Company, send notice of a general meeting, the requisitioning Shareholders, or any one or more of them holding, in the aggregate, more than 2.5% of the issued Shares of the Company that carry the right to vote at general meetings, may send notice of a general meeting to be held to transact the business stated in the requisition.

Unless the Shareholders resolve otherwise by an ordinary resolution at the general meeting called by the requisitioning shareholders, the Company must reimburse the requisitioning Shareholders for the expenses actually and reasonably incurred by them in requisitioning, calling and holding that meeting.

Notice may be given by mail or delivery at the shareholder's registered address, or by facsimile or email if the fax number or email address is provided by the shareholder. The Articles also state that shareholders may approve by ordinary resolution any other method for giving notice.

Election of Directors

At every annual general meeting the Shareholders entitled to vote at the annual general meeting for the election of Directors are entitled to elect a Board consisting of the number of Directors for the time being set under the Articles and all the Directors cease to hold office immediately before such election but are eligible for re-election.

If the Company fails to hold an annual general meeting on or before the date by which the annual general meeting is required to be held under the BCBCA or the shareholders fail, at the annual general meeting, to elect or appoint any Directors then each Director then in office continues to hold office until the earlier of:

- the date on which his or her successor is elected or appointed; and
- the date on which he or she otherwise ceases to hold office under the BCBCA or the Articles.

Disclosure of shareholdings

Under applicable Canadian securities laws, every "insider" of the Company must disclose any direct or indirect beneficial ownership of, or control or direction over securities of the Company and any acquisitions or dispositions of securities of the Company on an ongoing basis. An insider is a Director or senior officer of the Company, a Director or senior officer of a person that is itself an insider or subsidiary of the Company, a person that has direct or indirect beneficial ownership of, or control or direction over securities of the Company carrying more than 10% of the voting rights, or the Company itself.

Shareholders are also obliged to issue a news release and file a report upon acquiring beneficial ownership or control or direction over 10% or more of the Company's outstanding Shares or securities that are, within 60 days, convertible into or exchangeable for Shares. Thereafter the Shareholder must issue an additional news release and file another report if the Shareholder acquires an additional 2% or more of the Company's outstanding Shares or there is a change in any material fact disclosed in a previous news release and report. A shareholder whose percentage holding in the Company is increased by no action of such shareholder, such as in connection with a share repurchase by the Company, is not required to make disclosure in accordance with these requirements unless such shareholder has previously filed a report and the change in the shareholder's percentage holding constitutes a change in a material fact disclosed in that report.

Classes of Shares

The Company used to have two classes of Shares: Shares without par value and Preferred Shares without par value. Pursuant to the special resolution passed by the Shareholders on October 14, 2010, the class of Preferred Shares was removed. See "Appendix VIII — Statutory and General Information — Resolutions of our Shareholders" for further information.

Special Rights and Restrictions on Shares

Pursuant to section 61 of the BCBCA, a right or special right attached to issued shares must not be prejudiced or interfered with unless the shareholders holding shares of the class or series of shares to which the right or special right is attached consent by a special separate resolution of those shareholders. There are no special rights or restrictions currently attached to any of the Company's shares, however, the Company may by special resolution (i) create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, whether or not any or all of those shares have been issued; or (ii) vary or delete any special rights or restrictions attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued.

Reduction of capital

The Company may reduce its share capital if it is authorized to do so by court order or by special resolution of its Shareholders. The Company may reduce its share capital without a court order or a special resolution, subject to its Articles and the BCBCA, in order to redeem, purchase or otherwise acquire any Shares, accept a surrender of Shares by way of gift or for cancellation or convert fractional Shares into whole Shares. The Company may not reduce its share capital by special resolution if there are reasonable grounds for believing that the realizable value of the Company's assets would, after the reduction, be less than the aggregate of its liabilities.

Share repurchases

Subject to the BCBCA and the Company's Articles, the Company may purchase its own Shares on such terms and at such times as may be determined by the Directors from time to time. TSX Listing Policies and applicable Canadian securities laws regulate the purchase or other acquisition by the Company of its own Shares. Subject to a limited number of exemptions, the Company must comply with a detailed body of rules with the intended purpose that all of the Company's shareholders are treated equally.

Corporate Rules Governing Share Repurchases

The BCBCA and the Articles permit the Company to purchase its own Shares on such terms and at such times as may be determined by the Directors from time to time. The Company may not make a payment or provide any other consideration to purchase or otherwise acquire any of its Shares if there are reasonable grounds for believing that the Company is insolvent or that making the payment or providing the consideration would render the Company insolvent. The Articles provide that, if the Company retains a Share redeemed, purchased or otherwise acquired by it, the Company may sell, gift or otherwise dispose of the Share, but, while such Share is held by the Company, it:

- is not entitled to vote the Share at a meeting of its Shareholders;
- must not pay a dividend in respect of the Share; and
- must not make any other distribution in respect of the Share.

Securities Rules Governing Issuer Bids

Under applicable Canadian securities laws, any offer to acquire or redeem any securities (other than nonconvertible debt securities) made by the Company in respect of securities of its own issue made to any person resident in a province of Canada is an "issuer bid". The legal definition of an issuer bid specifically excludes acquisitions or redemptions by a company of its own securities where:

- no valuable consideration is offered or paid for the securities; or
- the acquisition, redemption or offer is a step in an amalgamation, merger, reorganization or arrangement that requires approval in a vote of security holders.

If the Company were to make an offer to acquire securities of its own issue, the Company would be required to make a formal issuer bid in compliance with the requirements of applicable Canadian securities laws, unless an exemption from these requirements is available. The requirements for making a formal issuer bid include preparing, filing and sending an issuer bid circular in the prescribed form to all holders of the class of securities that are the subject of the issuer bid. Unless exempt, the company is required to obtain an independent formal valuation of the securities that are the subject of the bid and summarize the formal valuation in the issuer bid circular.

A formal issuer bid must remain open for acceptance for a minimum of 35 days and the Company must not take up any securities deposited under the bid until at least 35 days have elapsed. Depositing security holders are entitled to withdraw their securities at any time before the securities are taken up by the Company. Adequate arrangements must be in place before the commencement of a bid to ensure that the required funds are available to make full payment of all cash consideration offered in respect of the securities subject to the bid.

Subject to certain exceptions, acquisitions of securities by the Company are prohibited during the issuer bid and for the 20 business days after the expiry of the issuer bid. In addition, there is a prohibition against selling or agreeing to sell any securities subject to the bid from the date of announcement of the intention to make the bid until its expiry, except for sales in respect of dividend plans, dividend reinvestment plans, employee purchase plans and other similar plans.

In the case of a partial issuer bid, the Company is required to take up and pay for the securities proportionately according to the number of securities deposited by each security holder. However, the

Company is not required to take up securities on a pro rata basis from those security holders who are entitled to elect a minimum price per security and elect a minimum price that is higher than the price that the Company pays for securities under the bid.

Certain issuer bids are exempt from the formal issuer bid requirements. The following is a summary of some of the principal exemptions available under applicable Canadian securities laws for issuer bids.

Foreign Bid Exemption

There is an exemption for issuers with minimal share ownership presence in Canada. This exemption is available where less than 10% of the securities subject to the bid are held by security holders in Canada (including beneficial ownership) and the published market with the greatest dollar value of trading in the securities subject to the bid during the 12 months preceding the commencement of the bid is not in Canada. In order for an offeror to rely on this exemption, security holders in Canada must be able to participate in the bid on terms at least as favourable as the terms that apply to the general body of security holders of the same class and the information and issuer bid materials must be filed in Canada and sent to Canadian security holders.

Minimal Connection Exemption

An exemption is also available for issuer bids where the number of registered holders of securities of the class subject to the bid in the province of Canada where the bid is made is fewer than 50 and security holders in the province beneficially own less than 2% of the outstanding securities of the class. The security holders must be entitled to participate in the bid on terms at least as favourable as the terms that apply to the general body of security holders of the same class and the information and issuer bid materials must be filed and sent to the security holders in the relevant jurisdiction.

Redemption or Retraction Exemption

A company is permitted to acquire its own securities in accordance with redemption or retraction provisions in the terms and conditions attaching to the class of securities, or as required by law.

Employee, Executive Officer, Director and Consultant Exemption

A company is permitted to repurchase its own securities from its current and former employees, consultants, executive officers and directors and current and former employees, consultants, executive officers and directors of its affiliates. The exemption requires that if there is a published market for the securities, the value of the consideration paid must not be greater than the market price and that purchases not exceed 5% of the outstanding securities of the class in any 12-month period.

Normal Course Issuer Bid Exemption

An issuer bid is exempt if it is made in the normal course over the TSX, the TSX-V or another designated exchange in accordance with the rules and regulations of that exchange.

An issuer bid made in a published market that is not a designated exchange will also be exempt if:

- the bid is for not more than 5% of the outstanding securities of the class;
- the aggregate number of securities acquired under this exemption within any 12-month period under the exemption does not exceed 5% of the outstanding securities at the beginning of the period; and
- the value of the consideration paid for any of the securities does not exceed the market price plus reasonable brokerage fees and commissions actually paid.

A company relying on this exemption is required to issue and file a news release describing the class and number of securities, the dates of the issuer bid, the consideration offered, the manner in which the securities will be acquired and the reasons for the bid.

TSX Rules for Normal Course Issuer Bids

Pursuant to the TSX Listing Policies a normal course issuer bid carried out over the facilities of the TSX is subject to the following requirements:

1. Volume Limitations

The rules of the TSX limit the volume of purchases by the Company of its Shares in two ways.

First, the rules of the TSX limit the number of listed securities that may be purchased by an issuer under an issuer bid on any trading day, when aggregated with all other purchases by the issuer during the same trading day over the TSX, to not more than the greater of: (i) 25% of the average daily trading volume ("ADTV") of the listed securities of that class; and (ii) 1,000 securities. An issuer may make one "block purchase" per calendar week that exceeds this daily repurchase limit. A "block" means a quantity of securities, not owned, directly or indirectly, by an insider of the issuer, that either (i) has a purchase price of C$200,000 or more (ii) is at least 5,000 securities and has a purchase price of at least C$50,000; or (iii) is at least 20 board lots of the security and total 150% or more of the ADTV for that security. However, once the block purchase exception has been relied on, the issuer may not make any further purchases under the issuer bid for the remainder of that calendar day.

The "average daily trading volume" or "ADTV" means the trading volume on the TSX for the most recently completed six calendar months preceding the date of acceptance of the notice of the issuer bid by the TSX, excluding any purchases made by the issuer through the facilities of TSX under its issuer bid during such six months, divided by the number of trading days for the relevant six months.

Second, the rules of the TSX limit the number of listed securities that may be purchased in a 12-month period commencing on the date specified in the notice of the issuer bid to a number that does not exceed the greater of (i) 10% of the public float, and (ii) 5% of such class of securities issued and outstanding, in each case calculated on the first day of the 12 month period. This limitation is based on total purchases on the TSX, other stock exchanges or otherwise.

The "public float" means the number of securities which are issued and outstanding less the number of securities that are pooled, escrowed or non-transferable, and less the number of securities,

known by the issuer after reasonable inquiry beneficially owned or over which control or direction is exercised by the issuer, every senior officer or director of the issuer and every person who beneficially owns or exercises control or direction over more than 10% of the issued and outstanding securities of any class of voting securities or equity securities of the issuer.

2. Price Limitations

Purchases made pursuant to an issuer bid must be made at a price which is not higher than the last independent trade of a board lot of the securities to which the issuer bid relates. Trades that are not "independent trades" under the TSX rules include both trades, directly or indirectly, for the account on an insider of the issuer, and certain trades made by, or for the account of the broker that is engaged by the issuer in respect of the issuer bid.

3. Timing Limitations

An issuer may not make any purchases pursuant to an issuer bid at the opening of a trading session, or during the 30 minutes before the scheduled close of a trading session. However, purchases of securities under an issuer bid may be effected through the market on close facility.

4. Prohibited Trades

It is a principle of issuer bids that all transactions should be made in the open market without abnormally influencing the market price of the securities, treating all holders of identical securities in a fair and even-handed manner. Accordingly, the TSX prohibits private agreement purchases other than by means of open market transactions.

An intentional cross or pre-arranged trade is not permitted under an issuer bid, unless such trade is made in connection with the block purchase exception.

Purchases under an issuer bid may not be made from a person or company effecting a sale from a control block (from a holder of securities carrying more than 20% of the votes or in a position to affect the control of an issuer). This prohibition is intended to ensure that a large security holder is not, in effect, selling down its position in an issuer to the issuer itself. The TSX rules provide that it is the responsibility of the broker acting as agent for the issuer in respect of an issuer bid to ensure that it is not bidding in the market at the same time as a broker is offering the same class of securities under a sale from control.

An issuer may not purchase securities pursuant to an issuer bid when the issuer possesses any material information which has not been generally disclosed. However, it is open to the issuer to enter into arrangements with its broker to implement an automatic securities purchase plan that would permit that broker to make trades on the issuer's behalf on the issuer bid during blackout periods when trades in the issuer's securities by insiders would be otherwise prohibited. These arrangements must be pre-cleared by the TSX.

In addition, an issuer may not make any purchases under an issuer bid during a circular bid for those securities. This restriction applies during the period from the first public announcement of the circular bid to termination of the period during which securities may be deposited-under such issuer bid.

5. Procedure

The TSX procedure for the Company to make an issuer bid is as follows:

Notice of intention (the "Notices")

The Notice must be filed with the TSX. The Notice is first filed in draft for TSX review and comment, together with a draft press release (as described below) and public float schedule (if applicable). When the Notice is in a form acceptable to the TSX, it is filed in final form duly executed by an officer or Director of the Company, together with the final form of the press release and public float schedule (if applicable).

Duration

An issuer bid may run for a period of one year from the date on which purchases are permitted to begin (the "Commencement Date" as defined below), and may be renewed on an annual basis thereafter.

Press Release

A press release must be issued indicating the intention of the issuer to make an issuer bid, and summarizing the material contents of the Notice. The press release is first filed with the TSX for its review, together with the draft Notice and public float schedule (if applicable). A final version of the press release is filed with the TSX at the time of filing the final form of Notice. This press release must be issued as soon as the Notice is finally accepted by the TSX. The issuer may also issue a press release prior to final acceptance of the executed Notice by the TSX if the press release states that the issuer bid is subject to regulatory approval.

Disclosure to Shareholders

A summary of the material information contained in an accepted Notice must be included in the next annual report, quarterly report, information circular or other document mailed to shareholders. Security holders are entitled to obtain a copy of the Notice without charge from the issuer.

Commencement of Purchases

Purchases under the issuer bid may commence two trading days after the later of the date of acceptance by the TSX of the final Notice and the date of issuance of the press release described above (the "Commencement Date").

Broker

The issuer must appoint only one broker at any one time as its broker to make purchases (the "Broker"). If the issuer decides to change the Broker, it must obtain the written consent of the TSX.

Amendment of issuer bids

During an issuer bid, an issuer may determine to amend its notice by increasing the number of securities sought while not exceeding: (i) the maximum volume limitations permitted by the TSX or (ii) provided that the issuer has increased its number of issued securities that are subject to the issuer

bid by at least 25% from the number of issued securities as of the date of acceptance of the Notice by the TSX, the maximum volume limitations as calculated as of the date of the amended notice. When the amended notice is in a form acceptable to the TSX, the listed issuer files the amended notice in final form, duly executed by a senior officer or director of the listed issuer, for acceptance by the TSX. The final form of the amended notice must be filed at least three clear trading days prior to the commencement of any purchases under the amended issuer bid. In addition, a draft press release must be provided to the TSX and the listed issuer must issue a press release as soon as the amended notice is accepted by the TSX. A copy of the final press release shall be filed with the TSX.

Statutory derivative actions

A Shareholder or Director of the Company (the "complainant") may, with leave of a court of competent jurisdiction, prosecute a legal proceeding in the name and on behalf of the Company:

- to enforce a right, duty or obligation owed to the Company that could be enforced by the Company itself; or
- to obtain damages for any breach of such a right, duty or obligation.

With leave of a court of competent jurisdiction, a complainant may, in the name and on behalf of the Company, defend a legal proceeding brought against the Company. A court of competent jurisdiction may grant leave for a statutory derivative action on terms it considers appropriate if:

- the complainant has made reasonable efforts to cause the Directors to prosecute or defend the legal proceeding;
- notice of the application for leave has been given to the Company and any other person that the court may order;
- the complainant is acting in good faith; and
- it appears to the court that it is in the best interests of the Company for the legal proceeding to be prosecuted or defended.

Protection of minorities

A Shareholder may apply to a court of competent jurisdiction for an order on the grounds:

- that the affairs of the Company are being or have been conducted, or that the powers of the Directors are being or have been exercised, in a manner oppressive to one or more of the Shareholders, including the applicant; or
- that some act of the Company has been done or is threatened, or that some resolution of the Shareholders or of the Shareholders holding Shares of a class or series of Shares has been passed or is proposed, that is unfairly prejudicial to one or more of the Shareholders, including the applicant.

On application, the court may, with a view to remedying or bringing to an end the matters complained of, make any interim or final order it considers appropriate, including an order:

- directing or prohibiting any act;
- regulating the conduct of the Company's affairs;

- appointing a receiver or receiver manager;
- directing an issue or conversion or exchange of Shares;
- appointing Directors in place of or in addition to all or any of the Directors then in office;
- removing any Director;
- directing the Company to purchase some or all of the Shares of a Shareholder and, if required, to reduce its capital in the manner specified by the court, unless the Company is insolvent or the purchase would render it insolvent;
- directing a Shareholder to purchase some or all of the Shares of any other Shareholder;
- directing the Company, unless the Company is insolvent or the payment would render it insolvent, or any other person, to pay to a Shareholder all or any part of the money paid by that Shareholder for Shares of the Company;
- varying or setting aside a transaction to which the Company is a party and directing any party to the transaction to compensate any other party to the transaction;
- varying or setting aside a resolution;
- requiring the Company, within a time specified by the court, to produce to the court or to an interested person financial statements or an accounting in any form the court may determine;
- directing the Company, subject to the BCBCA, to compensate an aggrieved person, unless the Company is insolvent or the payment of such compensation would render it insolvent;
- directing correction of the registers or other records of the Company;
- directing that the Company be liquidated and dissolved, and appointing one or more liquidators, with or without security;
- directing that an investigation be made under the BCBCA;
- requiring the trial of any issue; or
- authorizing or directing that legal proceedings be commenced in the name of the Company against any person on the terms the court directs.

Disposal of assets

Under the BCBCA, the Company may not sell, lease or otherwise dispose of all or substantially all of the Company's assets and undertaking unless it does so in the ordinary course of the Company's business or it has been authorized to do so by special resolution. Otherwise, there are no specific restrictions under the BCBCA on the power of the Directors to dispose of the Company's assets. Under the BCBCA, in the exercise of those powers, the Directors must discharge their duties of care to act in good faith, for a proper purpose and in the best interests of the company.

The Company is subject to the provisions of Multilateral Instrument 61-101 of the Canadian Securities Administrators ("MI 61-101"). The intended purpose of MI 61-101 is to regulate business combinations, insider bids, issuers bids, and related party transactions in order to treat all security holders in a manner that is fair and that is perceived to be fair, by setting out Formal Valuation and minority approval requirements for these kinds of transactions in certain prescribed circumstances.

Accounting and auditing requirements

A Canadian public company that is listed on the TSX, such as the Company, must prepare annual financial statements which must be audited, and unaudited quarterly financial statements. The annual financial statements and the auditor's report must also be presented to the annual general meeting of Shareholders and delivered to Shareholders.

Securities registers

The Company must maintain, at a location designated by the Directors, a central securities register in which it registers the Shares issued by the Company, all transfers of Shares so issued and details of such issuances and transfers. The Company may also maintain one or more branch registers at locations designated by the Directors. Particulars of each issue or transfer of a Share registered in a branch securities register must also be promptly registered in the central securities register.

Replacement Share Certificates

Section 92 of the *Securities Transfer Act* (British Columbia) requires an owner that claims a security certificate (including a certificate for convertible securities such as warrants) has been lost, destroyed or wrongfully taken to provide the issuer with an indemnity bond sufficient in the issuer's judgment to protect the issuer from any loss that the issuer may suffer by issuing a new certificate.

Inspection of books and records

A Shareholder may, during statutory business hours and without charge, inspect the records of the Company, other than certain records prescribed under the BCBCA as records that a Shareholder is not entitled to inspect.

Subsidiary owning Shares in parent

The Company may purchase or otherwise acquire shares of a corporation of which it is a subsidiary. The Company must not purchase any of the shares of its parent corporation if there are reasonable grounds for believing that the Company is insolvent, or the purchase would render the Company insolvent. Likewise, a subsidiary of the Company may purchase or otherwise acquire Shares provided that there are no reasonable grounds for believing that the subsidiary is insolvent or that the purchase would render it insolvent.

Arrangements and other fundamental corporate transactions

The BCBCA provides for arrangements and other fundamental corporate transactions involving the Company, the Shareholders, creditors and other persons. The relevant provisions of the BCBCA permit fundamental changes to take place with respect to the Company affecting Shareholders, creditors and other persons if certain approvals are obtained from the affected Shareholders, creditors and other persons. In the case of arrangements, the prior approval of a court of competent jurisdiction is also required.

Arrangements are typically used for numerous forms of acquisitions, going-private transactions, substitutions of new Shares for arrears of dividends on existing Shares, exchanges of Shares for Shares or other securities of the Company or of another body corporate, exchanges of Shares or other securities for money and, in the case of creditors, debt reorganizations.

Dissent and Appraisal Rights

The BCBCA provides that Shareholders of the Company are entitled to exercise dissent rights in respect of certain matters and to be paid the fair value of their Shares in connection therewith. The right of dissent is applicable in respect of:

- a resolution to alter the Articles, to alter restrictions on the powers of the Company or on the business it is permitted to carry on;
- a resolution to adopt an amalgamation agreement or otherwise approve an amalgamation;
- a resolution to approve an arrangement, the terms of which arrangement permit dissent;
- a resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of the Company's undertaking;
- a resolution to authorize the continuation of the Company into a jurisdiction other than British Columbia;
- any other resolution, if dissent is authorized by the resolution; or
- any court order that permits dissent.

The BCBCA sets out the process and procedures that must be followed for a Shareholder to exercise dissent rights.

Stamp duty on transfers

No Canadian or British Columbia stamp duty is payable on transfers of shares in a company that is incorporated or continued in British Columbia.

Remuneration of Directors

Neither the BCBCA nor the Articles requires a Director of the Company to hold shares issued by the Company. The BCBCA and the Company's Articles are also silent with respect to the remuneration of the Directors.

Other

Our Canadian legal advisers have issued a letter of advice summarizing certain aspects of Canadian laws and regulations relating to the Company as contained in this appendix. This letter is available for inspection as referred to in "Appendix X — Documents Delivered to the Registrar of Companies and Available for Inspection — Documents Available for Inspection" to this prospectus.

SHAREHOLDER PROTECTION MATTERS

Under Rule 19.05(1)(b) of the Listing Rules, the Stock Exchange may refuse a listing of securities by an issuer if the Stock Exchange is not satisfied that the overseas issuer is incorporated or otherwise established in a jurisdiction where the standards of shareholder protection are at least equivalent to those provided in Hong Kong.

As explained further under the section headed "Waivers — Equivalent Shareholder Protections" in this prospectus, the Joint Policy Statement states that for the purpose of determining whether an overseas company demonstrates acceptable shareholder protection standards, the Stock Exchange ordinarily expects an overseas applicant to demonstrate appropriate shareholder protection standards in the various matters set out in the Attachment to the Joint Policy Statement.

The Stock Exchange accepted the Company's application for listing on the Stock Exchange on the basis that, with respect to most of the shareholder protection items set out in the attachment to the Joint Policy Statement, the standards of shareholder protection afforded to shareholders of companies incorporated in British Columbia, taken as a whole, are, in all material respects, at least equivalent to, or broadly commensurate with, standards of shareholder protection afforded to shareholders of companies incorporated in Hong Kong.

Not all the shareholder protections afforded to shareholders of companies incorporated in British Columbia are at least equivalent to those afforded to shareholders of companies incorporated in Hong Kong.

Material shareholder protection matters

With respect to some of the matters set out in the Attachment to the Joint Policy Statement, shareholder protections afforded to shareholders of companies incorporated in British Columbia are not at least equivalent to, or broadly commensurate with, those afforded to shareholders of companies incorporated in Hong Kong. In respect of those matters, the Company is satisfied that such items are broadly commensurate with those protections afforded to shareholders of companies incorporated in Hong Kong on the grounds that there are nevertheless material shareholder protections in place in respect of such items.

Variation of class rights

The Joint Policy Statement requirement is that the rights attached to any class of shares of an overseas company may only be varied with the approval of members on terms comparable to those required of a Hong Kong incorporated public company (i.e. a three-quarter majority vote in general meeting subject to rights of members holding not less than 10% of the nominal value of the issued shares of that class to make a petition to the court to have the variation cancelled). Under the BCBCA, alteration of class rights requires a special separate resolution by shareholders of that class as well as by special resolution of all shareholders pursuant to section 58(2)(b) of the BCBCA. The threshold for a special resolution in Canada is two-thirds and therefore is not equivalent to the three-quarter majority required for a Hong Kong incorporated public company. However, the structure which is set out in the BCBCA and is reinforced by the Articles requires a supportive vote in excess of a base majority. See "Shareholder Protection Matters — Classes of Shares" for further information. There is no specific legislative right in British Columbia to petition the court in relation to a variation of class rights by special resolution. However, minority shareholders do have the ability to challenge an improper variation that is oppressive through the British Columbia courts through oppression remedies available both at statute and at common law.

Voluntary winding up

The Joint Policy Statement requirement is that voluntary winding up of an overseas company must be approved by members on terms comparable to those required of a Hong Kong incorporated public company (e.g. currently a three-quarter majority vote in general meeting is required). The BCBCA has different resolution requirements for voluntary dissolution and liquidation. A company may voluntarily dissolve by passing an ordinary resolution. However, before a company can voluntarily dissolve it must have no assets and either no liabilities or adequate provision for payment of its liabilities. These provisions provide protection for shareholders in that all the company's assets will have to be distributed out before dissolution. Liquidation of a company in British Columbia requires a special resolution.

Notice of a special resolution

The Joint Policy Statement requirement is that overseas companies must ensure that any annual general meeting or any extraordinary general meeting at which a resolution that requires the approval of members by three-quarter majority vote will be proposed shall be convened in at least 21 days' written notice; and that any other general meeting shall be convened on at least 14 days' notice. The Company's articles specify only a 21 day notice period to convene a meeting that requires approval of the Shareholders by a special resolution constituting a two-thirds majority vote, and accordingly, special resolutions of the Company are at least equivalent, or broadly commensurate, under British Columbia law to that afforded to shareholders of companies incorporated in Hong Kong for resolutions requiring a three-quarters majority.

Change to constitutional document

The Joint Policy Statement requirement is that for any change to an overseas company's constitutional document, however framed, there should be a general requirement for the company to obtain the approval of members on terms comparable to those required of a Hong Kong incorporated public company (e.g. currently a three-quarter majority vote in general meeting is required). Changes to the Company's authorized share structure, name, special rights and restrictions attaching to shares and corporate powers all require approval by a special resolution. The Company's Articles specify a two-thirds majority for special resolutions.

Reduction of share capital

The Joint Policy Statement requirement is that any reduction of share capital in an overseas company must be subject to confirmation by the court and be approved by members on terms comparable to those required of a Hong Kong incorporated public company (e.g. currently a three-quarter majority vote in a general meeting is required). Under the BCBCA, a company can reduce its share capital by court order or by special resolution (currently a two-thirds majority vote), unlike Hong Kong, which requires both. Except where authorized by a court order, under the BCBCA, a company may not reduce its share capital if to do so would render the company insolvent.

Redemption of shares

The Joint Policy Statement requirement is that an overseas company may only redeem its shares out of distributable profits or fresh proceeds from a new issue of shares or under other

circumstances comparable to those under which a Hong Kong incorporated public company may be allowed to make such redemption. The primary restriction on redemption of shares for a British Columbia company is that redemption is not permitted if the company is insolvent or would be rendered insolvent as a result of the redemption.

Distribution of assets

The Joint Policy Statement requirement is that an overseas company may only distribute its assets to its members in circumstances comparable to those under which a Hong Kong incorporated public company may be allowed to make such distribution, that is, out of realized profits and if out of assets, the remaining net assets must not be less than the share capital plus undistributable reserves. The primary restriction on a British Columbia company's ability to pay dividends is that the payment of the dividend cannot result in the company being insolvent. There is no requirement that dividends have to be paid out of profits, as is the case in Hong Kong, although a British Columbia company does have protections where such distributions would reduce the share capital of the company, in which case a court order or special resolution is required.

Other matters

In respect of the following matters, the Company notes that there are three areas in the Joint Policy Statement which are addressed in significantly divergent manners as between Canada and Hong Kong, and as such it is not possible for the Company or the sole sponsor to state or conclude on objective grounds that such three areas are truly comparable. The three areas are as follows:

Loans to directors

The Joint Policy Statement requirement is that the circumstances under which an overseas company may make loans, including quasi loans and credit transactions, to a director must be confined to circumstances no less stringent than those permitted for a Hong Kong incorporated public company. Under the BCBCA, there is no prohibition on giving financial assistance to directors, although disclosure is mandated under the BCBCA except in limited circumstances. Under the BCBCA, full details of any loans to directors must be disclosed on an annual basis and, if such loans are sufficiently large, approval of the minority shareholders must be obtained.

Financial assistance

The Joint Policy Statement requirement is that the circumstances under which an overseas company may give financial assistance for the acquisition of its own shares must be clearly stated. Financial assistance is not expressly defined under the BCBCA but would be interpreted broadly enough to cover each of the areas set out in the Companies Ordinance definition of that term. Under the BCBCA there is no prohibition on giving financial assistance to a person who is acquiring or proposing to acquire shares of the Company. Instead, the BCBCA requires disclosure of material financial assistance for this purpose. Under section 195 of the BCBCA, subject to certain carve-outs for financial assistance by ordinary course lenders, to certain related entities and persons, to employees for housing and to employees to purchase shares or to court waiver, a company must disclose any financial assistance that is material to the company and that the company gives to (a) a person known to the company to be a shareholder of, a beneficial owner of a share of, a director of, an officer of or an

employee of (i) the company, or (ii) an affiliate of the company, (b) a person known to the company to be an associate of any of the persons referred to in paragraph (a), or (c) any person for the purpose of a purchase by that person of a share issued or to be issued by the company or an affiliate of the company.

Payment to Directors for compensation for loss of office or retirement from office

The joint Policy Statement requirement is that any payment to a director or past director of an overseas company as compensation for loss of office or retirement from office is required to be approved by members of the company on terms comparable to those required of a Hong Kong incorporated public company (e.g. currently a majority vote in general meeting is required). Under the BCBCA, the directors of the Company have the power to approve agreements with directors and officers that provide for payments upon termination of employment, a change of control of the corporation, or change of responsibilities following a change of control. All such contracts with named executive officers must be described in the Company's proxy circular and, if they are material and not in the ordinary course of business, filed on the SEDAR website where they are available for public inspection. Canadian takeover bid rules prohibit the payment of a collateral benefit to any person in connection with a bid for control of a corporation. Any payment by a bidder to a director or officer upon a change of control as compensation for loss of office where that payment was not previously approved by the board and the compensation committee could constitute a collateral benefit and would be prohibited.

EQUIVALENT SHAREHOLDER PROTECTION

Under Listing Rule 19.05(1)(b) the Stock Exchange may refuse a listing of securities by an issuer if the Stock Exchange is not satisfied that the overseas issuer is incorporated or otherwise established in a jurisdiction where the standards of shareholder protection are at least equivalent to those provided in Hong Kong. The Joint Policy Statement states that for the purpose of determining whether an overseas company demonstrates acceptable shareholder protection standards, the Stock Exchange ordinarily expects an overseas application to demonstrate appropriate shareholder protection standards in the various shareholder protection items set out in the attachment to the Joint Policy Statement.

The Stock Exchange accepted our application for listing on the Stock Exchange on the basis that, with respect to most of the shareholder protection items set out in the attachment to the Joint Policy Statement, the standards of shareholder protection afforded to shareholders of companies incorporated in British Columbia, taken as a whole, are, in all material respects, at least equivalent to, or broadly commensurate with, standards of shareholder protection afforded to shareholders of companies incorporated in Hong Kong.

Not all the shareholder protection afforded to shareholders of companies incorporated in British Columbia are at least equivalent to those afforded to shareholders of companies incorporated in Hong Kong. In respect of the matters that are set out in "— Shareholder Protection Matters — Material Shareholder Protection Matters", our Company is satisfied that such items are broadly commensurate with those protections afforded to shareholders of companies incorporated in Hong Kong on the grounds that there are nevertheless material shareholder protections in place in respect of such items. Those matters are set out in "— Shareholder Protection Matters — Material Shareholder Protection

Matters" to this prospectus. In respect of certain other shareholder protection items our Company was unable to confirm that there are material shareholder protections in place, these matters are set out in "— Shareholder Protection Matters — Other Matters" to this prospectus.

NOTIFIABLE AND CONNECTED TRANSACTIONS

The Canadian and Hong Kong regulatory regimes governing notifiable and connected transactions have differences in approach, but both provide material shareholder protections.

In terms of notifiable transactions, the Hong Kong system uses asset, consideration, profit, revenue and equity capital ratios to determine whether a transaction is subject to the notifiable transaction requirements. The Canadian system does not prescribe ratios in determining whether a transaction is notifiable, but instead focuses on whether the details of a transaction constitute "material information". Material information is any information relating to the business and affairs of a company that results in or would reasonably be expected to result in a significant change in the market price or value of any of the company's listed securities.

In terms of connected party transactions, both the Hong Kong and Canadian regulatory regimes have the same policy basis in terms of providing shareholder approval, independent valuation and disclosure requirements; for transactions that are conducted with "connected persons" of an issuer. The definition of "related-party transaction" in MI 61-101, the instrument governing related party transactions, is broad enough to include the transactions contemplated in the definition of "transaction" in Chapter 14A. The definition of "related party" in MI 61-101 is similar to the definition of "connected person" in Chapter 14A, but it does not include past directors, associates, promoters or supervisors.

Further details of the Canadian regulatory regime for notifiable and connected transactions are set-out below.

Notifiable Transactions

In British Columbia three sources of regulation govern notifiable transactions, being the TSX Manual, the Securities Act (British Columbia) and the BCBCA. The following is a summary of the regulations under each source.

TSX Manual

The Company is required to immediately notify the TSX in writing of any transaction involving the issuance or potential issuance of any of its securities including exchangeable and convertible securities other than unlisted, non-voting, non-participating securities. A TSX listed issuer may not proceed with a specified transaction unless accepted by the TSX. In addition to any specific requirement for shareholders' approval, the TSX will generally require shareholders' approval as a condition of acceptance of a transaction if, in the opinion of the TSX, the transaction materially affects control of the TSX listed issuer; provides consideration to insiders in aggregate of 10% or greater of the market capitalization of the TSX listed issuer and has not been negotiated at arm's length. In addition to the general notification and Shareholders' approval requirements, the TSX imposes certain additional requirements for prospectus offerings, private placements, acquisitions which involve the issuance of securities and other corporate actions related to share issuances.

British Columbia Securities Act

There is a general requirement on all reporting issuers in Canada to make immediate disclosure of any material change in its affairs by immediately issuing and filing a news release disclosing the nature and substance of the change and no later than 10 days after the date on which the change occurred, file a material change report. There are two types of transactions that require pre-review by Canadian securities regulators, rights offerings and prospectus offerings.

British Columbia Business Corporations Act

Under the BCBCA, there are certain transactions that require the notification to, and approval of, shareholders of the Company. These transactions include article amendments, amalgamations, plans of arrangement, compulsory acquisitions, disposals of significant assets, continuances, and dissolutions and liquidations.

Connected Party Transactions

British Columbia corporate law requires directors to disclose interests and abstain from voting on matters in which they are interested while the TSX Manual requires shareholder approval where insiders are parties to significant transactions. However, securities laws impose the most comprehensive regime including heightened disclosure, independent valuation and shareholder approval obligations subject to certain exemptions. The following provides a summary of the Canadian securities law rules relating to related party transactions.

Application

Related party transactions are widely defined as transactions between the issuer and a person or company that is a related party of the issuer at the time the transaction is agreed to, as a consequence of which either through the transaction itself or together with connected transactions, the issuer conducts any type of business with a related party. Related party is broadly defined to include persons with direct and indirect relationships with the issuer including control persons, persons holding greater than 10% of the voting securities of the issuer, directors or senior officers and affiliates of these persons.

Disclosure Obligations

Where minority approval is required (as discussed below), the issuer must call a shareholders' meeting and send an information circular to those shareholders. The circular must contain detailed disclosure relating to the transaction including the background to the transaction, general details relating to every prior valuation in respect of the issuer and any bona fide offer relating to the subject, a discussion of the review and approval process adopted by the board of directors and the special committee, a summary of the formal valuation or an explanation on why a formal valuation is not required, and the holdings and identity of the shareholders excluded from voting.

Formal Valuation

Subject to certain exemptions, securities law requires an issuer to obtain an independent formal valuation for a related party transaction. If a formal valuation is required, the valuation must contain prescribed disclosure such as the valuator's opinion as to the fair market value of the subject matter and how the valuator arrived at the conclusion. The valuation must be publicly filed concurrently with the disclosure document.

Minority Approval

Subject to certain exemptions, minority approval of a related party transaction is required. In determining minority approval, an issuer shall exclude the votes attached to affected securities that are beneficially owned or over which control or direction is exercised by the issuer; an interested party; a related party of an interested party (unless the related party meets that description solely in its capacity as a director or senior officer of one or more entities that are neither interested parties nor issuer insiders of the issuer) or a joint actor with a person or company referred to above.

Continuous Disclosure Obligations

Canadian securities laws and the TSX Manual contain extensive continuing disclosure obligations which provide sufficient shareholder protection. To summarise, Canadian continuous disclosure obligations may be divided in two categories, routine filings and special event filings.

Routine Filings

Routine filings are prescribed filings that the Company must make on a regular basis. The principle behind routine filings is to provide shareholders with consistent, predictable disclosure relating to reporting issuers. Routine filings include annual and quarterly financial statements and related MD&A, CEO and CFO certification, shareholders' meeting material such as information circular and related party materials, annual information form and codes of business conducts and ethics.

Special Event Filings

The Company and certain persons in a special relationship with the Company must make public disclosure and filings upon the occurrence of specified events or changes. For example, any event that constitutes material information requires the Company to immediately issue a press release and, if such an event constitutes a material change, the Company must, within 10 days of the material change, file a material change report. Other examples of special events requiring specific filings include: the institution of an incentive option scheme, a significant business acquisition and distributions to shareholders.

Filing

Most filings are required to be made electronically through either the System for Electronic Document Analysis and Retrieval ("SEDAR") or the System for Electronic Disclosure by Insiders ("SEDI"). Filings on SEDAR and SEDI will satisfy the relevant filing obligations in all provincial and territorial jurisdictions. In general, once a document is filed on SEDAR or SEDI, the document becomes publicly available through the SEDAR website (**www.sedar.com**) or the SEDI website (**www.sedi.ca**), as the case may be.