A. SUMMARY OF THE BY-LAWS OF OUR COMPANY

Set out below is a summary of certain provisions of the By-laws, which is intended to provide investors with an overview of its contents.

As the information contained below is in summary form, it does not contain all of the information that may be important to potential investors. A copy of the full English translation of the By-laws is available for inspection as mentioned in "Appendix VI — Documents Delivered to the Registrar and Available for Inspection".

Our Company is a joint-stock company (*società per azioni*) existing under the laws of Italy and incorporated on July 11, 1990, as a limited liability company (*società a responsabilità limitata*) in the presence of Notary Public G. Pozzi, rep. no. 32175 collection no. 3693.

1. Shareholders' meetings

A shareholders' meeting can be either ordinary or extraordinary. According to the By-laws, the ordinary shareholders' meeting of our Company will resolve on matters that are within its power as set out by applicable laws and regulations and the By-laws itself. In particular, the shareholders in an ordinary shareholders' meeting have the power to resolve on the following matters:

(a) approval of the financial statements and the distribution of profits;

(b) election and removal of the directors, election of the statutory auditors and their chairman and, whenever required, of the external auditor;

(c) compensation of directors and statutory auditors, as well as of the external auditor;

(d) determination of the liability of directors and statutory auditors;

(e) the purchase of its own shares for an amount not exceeding disposable profits and distributable reserves as resulting from the last annual balance sheet duly approved and, in any case, within the limit of 10% of the issued share capital at the time of the relevant shareholders' meeting;

(f) the approval of the regulations, for the conduct of shareholders' meetings; and

(g) any other matters reserved to it by applicable laws and regulations as well as any authorization required under the By-laws or by applicable laws and regulations for the performance of directors' actions.

According to the By-laws, the shareholders in an extraordinary shareholders' meeting have the power to resolve on the following matters:

(a) any amendment to the By-laws;

(b) the appointment and replacement of liquidators and the determination of their powers; and

(c) any other matters reserved to shareholders in an extraordinary shareholders' meeting by Italian law, or laws and regulations applicable to companies whose shares are listed on the Hong Kong Stock Exchange.

The fact of being a shareholder in itself constitutes the approval of each shareholder to be bound by the By-laws.

Location and frequency of the shareholders' meeting

The ordinary and extraordinary shareholders' meetings will normally be held in the municipality where the registered office of our Company is located, except as otherwise resolved by the board of directors, and provided always that such meetings will be held in Italy or in a country where our Company, directly or indirectly through its subsidiaries or affiliates, carries out its business activities.

The ordinary shareholders' meetings must be convened at least once a year for the approval of the financial statements, within 120 days after the end of the financial year, or within 180 days after the end of the financial year if our Company is required to draw up consolidated financial statements or is required by the particular circumstances related to the structure and purpose of our Company. Not more than 15 months shall elapse between the date of one such ordinary shareholders' general meeting and the next.

Call of the shareholders' meeting

An ordinary general shareholders' meeting will be called by the board of directors whenever it deems it appropriate and in the circumstances specified under applicable laws and regulations.

A shareholders' meeting can also be called when requested by shareholders representing at least 5% of our Company's share capital, provided the request mentions the item or items to be discussed at the meeting and unless the meeting has to resolve, pursuant to applicable Italian law, upon a proposal made by the directors or on the basis of a report or a project to be drafted by them[4]. In case of unjustified delay in calling the meeting, action will be taken by the board of statutory auditors. If the board of directors and the board of statutory auditors fail to proceed to call the shareholders' meeting and the

[4] See Paragraph B5 of this Appendix IV below.

refusal to proceed is unjustified, the calling of the meeting may be ordered by a competent court which, after having heard the members of the board of directors and of the statutory auditors, will designate the person who will chair the meeting. In order to file a request before a competent court, a shareholder has to be registered on the shareholders' ledger.

The shareholders' meetings is convened by means of a notice of call specifying, in addition to the information required by laws and regulations, all information relating to any interest held by any of the directors on their behalf, or on behalf of third parties, specifying the effect that this resolution might have on them as shareholders of our Company and whether these effects differ from those that might affect all other shareholders.

The notice of call must be published on the website of our Company and in accordance with the procedures provided by applicable law. These procedures also include publication in at least one of the following Italian newspapers: "Il Sole 24 Ore", "Italia Oggi" and "MF Milano Finanza" and on the website of the Hong Kong Stock Exchange. The notice of call of the shareholders' meeting shall be given at least 30 days prior to the date of the relevant meeting. This notice period shall be (a) extended to 40 days before the date of the meeting for those meetings provided for the appointment of directors and statutory auditors, and (b) reduced to 21 days before the date of the meeting for those meetings provided under Sections 2446 (Reduction of capital pursuant to losses), 2447 (Reduction of capital below the legal minimum) and 2487 of the Italian Civil Code (Appointment and replacement of liquidators).

In the case of appointment of directors, the notice period under Italian law is 40 days before the relevant shareholders' meeting, so shareholders would be in a position to propose directorship candidates within the 25-day requirement.

Shareholders who, individually or jointly, own or control at least 2.5% of the share capital may request, within 10 days from the publication of the notice of call (and within five days in the circumstances indicated under letter (b) of the paragraph above), additions to the list of items on the agenda setting out the proposed additions. Requests must be submitted in writing. Additions to the agenda will be included in the document published for the notice of call. It will not be possible for shareholders to add to the agenda matters which, in accordance with law, should be resolved based on a proposal by the board of directors or on the basis of a project or report prepared by the directors, other than a report relating to items included in the agenda.

Rights to attend a shareholders' meeting and to vote

The right to attend and to vote at shareholders' meetings shall be determined in pursuance of the By-laws and when not expressly provided for, by applicable law in force from time to time.

Any person who is entitled to vote at the shareholders' meeting can be represented by a proxy or representative. If any person recorded as legal owner acts as registered trustee on behalf of his/her customers or on behalf of third parties, the person in question may appoint others on whose behalf he/she acts, or one or more third parties indicated by such customer, as their proxies or representatives.

Where any shareholder is required by applicable laws and regulations to abstain from voting on any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted. On the contrary, nothing shall prevent such shareholder from counting in the quorum at the relevant ordinary or extraordinary shareholders' meeting.

Chairman and secretary of the meeting

Shareholders' meetings shall be presided over by the chairman of the board of the directors or, in his/her absence, by the deputy chairman or by the chief executive officer, if one is appointed. In the absence of the persons mentioned above, the shareholders' meeting shall appoint, with the majority of the capital represented, the person who will act as chairman of the shareholders' meeting. The chairman of the shareholders' meeting shall be assisted by a secretary, appointed by the shareholders' meeting, who does not necessarily need to be a shareholder, and, if required, by two scrutineers. If required by applicable law or by the shareholders' meeting, a notary public will act as secretary of the meeting.

The chairman of the meeting will confirm the identity and right to attend, also by proxy, of those present; ascertain that the meeting is properly held and is entitled to consider the resolutions; supervise and direct the meeting; decide the order of items on the agenda that have to be discussed also by deciding the order of items on the agenda that have to be discussed; direct the discussions and decide the manner of voting; and ascertain and proclaim the results of the voting.

The conduct of shareholders' meetings is governed by a regulation approved by the ordinary shareholders' meeting.

Determination of the quorum and voting

The ordinary and the extraordinary shareholders' meeting is normally held in one call, unless the board of directors, for a specific meeting, resolves to provide the date for the second and, eventually, the third call, with disclosure in the notice of call.

The quorum at an ordinary and extraordinary shareholders' meeting is provided by law (see Paragraph B.10 of this Appendix IV).

Voting by secret ballot is not allowed. The chairman will determine which of the following procedures shall be adopted: (i) ballot or (ii) electronic voting. Voting by a show of hands is not permitted.

If provided for in the notice that called the meeting, those persons entitled to vote may attend the shareholders' meeting through telecommunication equipment, and exercise their right to vote by electronic means, in accordance with the Italian Civil Code regulatory provisions on this subject and the shareholders' meeting regulation.

2 Board of Directors

Powers of the board of directors

Our Company is managed by a board of directors which is invested with full powers for the ordinary and extraordinary management of our Company. In particular, our board of directors has the power to perform all acts it deems advisable for the implementation and achievement of the corporate purpose, except for those acts reserved by operation of law or by the By-laws to the shareholders' meeting.

Directors can acquire the status of partners with unlimited liability in competing companies or carry out competitive activities for their own account or for the account of third persons, or be appointed directors or general managers in competing companies.

The board of directors may delegate some of its powers to one or more of its members (see the section entitled "Delegated Bodies" below). However, by operation of law, these powers cannot relate to the following matters:

- the issue of convertible securities;
- drafting of the financial statements;
- capital increase and the issue of new shares;

- reduction of the share capital; and
- drafting of merger or demerger plans.

In addition, the By-laws prevent the board of directors from delegating to one or more of its members any decision relating to the following matters:

- merger and proportional demerger (*scissioni proporzionali*) of companies in which our Company owns shares or holdings that represent at least 90% of the capital;
- establishment and winding-up of branch offices;
- indication of which directors shall be given the power to act as legal representative of our Company;
- reduction of the share capital in the event of exercise of withdrawal rights by one or more shareholders;
- amendment of the By-laws to reflect changes that need to be made under Italian laws; and
- transfer of our Company's registered office within Italy.

Composition of the board of directors

The board of directors consists of no fewer than nine and no more than eleven members. The shareholders' meeting will determine the number of directors within these limits. The directors are appointed by the shareholders' general meeting for a period of up to three financial years. This term lapses on the date of the shareholders' meeting called to approve the financial statements for their last year of office. The directors may be reappointed.

Each director must satisfy the requirements for his/her eligibility, proficiency and integrity in accordance with applicable laws. At least three directors (or the higher number required by applicable laws and regulations, if any) must satisfy the independence requirements set forth by the corporate governance code approved by the Corporate Governance committee of Borsa Italiana S.p.A. or the requirements set forth by the laws and regulations applicable to companies whose shares are listed on the Hong Kong Stock Exchange.

Appointment of the board of directors

Any person who, alone or together with others, represents at least 1% of the nominal share capital of our Company with the right to vote at shareholders' meetings may propose one or more candidates (up to eleven) by depositing the name of such candidates with our Company at its registered office at least 25 days prior to the date of the shareholders' meeting called to resolve upon their appointment on the first or sole call. The details of the candidates are to be published in accordance with the applicable laws and regulations in force from time to time.

In addition, the proposing person(s) are required, on penalty of inadmissibility, to file: (a) the list of the proposing person(s), specifying the number of shares of our Company held by each of them, accompanied by evidence attesting compliance with the minimum threshold as required under the paragraph above (i.e. 1% of the share capital of our Company); (b) the curriculum vitae of each candidate; and (c) confirmations from each candidate accepting his/her nomination and attesting, in his/her own responsibility, that there are no grounds for his/her ineligibility and incompatibility to act as a director and that he/she satisfies the aforementioned integrity and, if applicable, independence requirements.

If the number of candidates satisfying the independence requirements pursuant to the previous paragraphs is lower than the minimum number set out above, the board of directors shall submit to the shareholders' meeting a sufficient number of candidates that satisfy the abovementioned characteristics in order to reach the minimum number as set forth by the By-laws.

The directors shall be appointed as follows:

(a) the shareholders' meeting first determines the number of directors; and

(b) every single candidate presented pursuant to the paragraphs above is voted.

The candidates are to be divided into two lists: the first one will list candidates that comply with the independence requirements in numerical order according to the number of votes received by each of them ("**List A**"); the second one will list the other candidates in numerical order according to the number of votes received by each of them ("**List B**").

The first three candidates (or the higher number required in order to satisfy the minimum number of independent directors) in List A and the first candidates listed in List B in the number necessary to reach the number of directors set forth by the shareholders' meeting will be appointed.

Directors for any reason not appointed pursuant to the aforementioned procedure will be appointed by the shareholders' meeting, with the majorities prescribed by the law, in such a way as to ensure that the composition of the board of directors complies with applicable laws and regulations and the By-laws.

The appointed directors must communicate to our Company if they have lost any of the abovementioned independence and integrity requirements, or if any situations of ineligibility or incompatibility have arisen.

The board of directors will periodically evaluate the independence and integrity of its members. If the integrity or independence requirements are not satisfied or are no longer applicable to a director, or if situations of ineligibility or incompatibility have arisen, the board of directors will declare the director's disqualification and resolve upon his/her substitution, or shall invite him/her to rectify the situation of incompatibility within the term set by the board of directors, on penalty of his/her disqualification.

The shareholders' meeting may, even during the board of directors' term of office, change the number of members of the board of directors, always within the limits set forth in the By-laws, and make the related appointments. The mandates of directors so elected will expire at the same time as those of the directors who are already serving.

If one or more directors no longer holds office, the other members may appoint a substitute director with the approval of the board of statutory auditors. The directors so appointed remain in office until the next shareholders' meeting. If a majority of directors cease to hold office, the whole board of directors will be considered to have resigned and the board must promptly call a shareholders' meeting to appoint a new board of directors.

Under Italian law, a director must be a minimum of 18 years old and there is no maximum age limit. In addition, a director does not need to hold a minimum number of shares in order to qualify as a director.

Chairman of the board of directors

The ordinary shareholders' meeting is entitled to appoint the chairman of the board of directors. If the shareholders' meeting has not appointed a chairman, the board of directors will elect one among its members.

The board of directors can also appoint a deputy chairman with the power to assist the chairman and to deputise for the chairman in his/her absence.

The chairman of the board of directors - or, where it is impossible for the chairman, whoever acts in his/her place - will call the meetings of the board of directors, establish the agenda, coordinate the meeting and ensure that all directors are fully acquainted with the items on the agenda.

Delegated bodies

Within the limits set forth above (see the section entitled "Powers of the board of directors") the board of directors may delegate part of its authorities to: (i) an executive committee that is to be formed by some but not all members of the board of directors, but which must include the chairman and any director with delegated power; and/or (ii) one or more of its members.

The board of directors shall nevertheless retain the power to supervise and perform directly any transactions falling within its delegated powers, as well as retain the power to revoke any delegated powers. The delegated bodies shall report to the board of directors and the board of statutory auditors at least once every six months.

The board of directors may appoint general managers and determine their powers.

If required by applicable laws, the board of directors shall appoint, with the favorable opinion of the board of statutory auditors, a manager responsible for the preparation of the financial reporting documents. Such manager must be chosen from among those persons who, for at least three years, have carried out: (a) audit, administration, control or senior management activities in large companies (i.e. companies with a share capital of at least Euro 2,000,000), or (b) professional activities or university teaching activities in the financial or accounting sectors.

The board of directors may also establish committees to consult and make proposals on specific subjects.

Meetings and resolutions

The board of directors meets in the place indicated in the meeting notice, in the municipality where the registered office of our Company is located or where

our Company, directly or indirectly through its subsidiaries or affiliates, carries out its business activities. The board of directors will meet any time the chairman, the board of statutory auditors or at least one-third of the directors deem it necessary.

Board meetings are called on at least five days' notice, which must be sent to each director and to the statutory auditors by registered mail, fax or e-mail. In cases of urgency the period of notice may be reduced to 24 hours.

Board meetings will be validly held if the majority of the directors in office are present and can pass resolutions with the favorable vote of the majority of those present. Where a director abstains from voting or has declared he/she has a conflict, he/she will not be counted in determining the quorum required for approval of the relevant resolution.

Voting by proxy at board meetings is not allowed. A director must inform the other directors and the board of statutory auditors if he/she has any conflict of interest either on his/her own behalf or as a result of his/her connections with third persons in a specific transaction of our Company and, in that case, he/she shall abstain from voting.

A meeting of the board of directors will be validly held, even if not formally called, whenever all directors in office and all members of the board of statutory auditors are present.

Board meetings shall also be validly held if those present are located in different places, wherever situated, connected by audio/visual means, provided each of the participants in the meetings can be identified and if each can follow and participate in the discussion of the topics dealt with in real time. The meeting is considered validly held in the place indicated in the meeting notice.

The board meetings shall be chaired by the chairman or, if the latter is absent, by the deputy chairman (if any is appointed). If the latter is also absent, the board meetings are to be chaired by the oldest executive director or, if no executive director is present, by any director designated by the attending directors.

Power to represent our Company

The legal power to represent our Company is vested with the chairman of the board of directors. The legal power to represent our Company is also vested with those directors who have been duly authorized by the board of directors, within the limits of the delegated authorities.

Compensation

The directors are entitled to be reimbursed for the costs sustained by reason of their office and to receive remuneration established by the shareholders' meeting.

The remuneration of directors vested with specific offices shall be established by the board of directors, after having heard the opinion of the board of statutory auditors.

The shareholders' meeting may allocate an aggregate sum for the remuneration of all directors, including those entrusted with specific authorities.

3. Board of statutory auditors

Powers of the board of statutory auditors

The board of statutory auditors shall supervise compliance with applicable laws, regulations and the By-laws and with the correct management principles. Specifically, it shall ensure that the organization, administrative and accounting structure adopted by our Company is adequate and appropriate for our Company's purposes.

Composition of the board of statutory auditors

The ordinary shareholders' meeting is convened to elect a board of statutory auditors comprising three (3) statutory and two (2) alternate statutory auditors, appoint the chairman of the board of statutory auditors and determine the remuneration of the statutory auditors for their entire term of office.

Appointment of the board of statutory auditors

Any persons who, alone or together with others, represents at least 1% of the share capital of our Company, may propose one or more candidates, up to three (3) statutory and two (2) alternate auditors, depositing the name of such candidates with the registered office of our Company at least 25 days prior to the date of the shareholders' meeting called to resolve upon their appointment on first or single call. At least one candidate of the statutory auditors and one candidate of the alternate auditors must be a chartered accountant and have carried out audit activities for no less than three years. The names of the candidates are to be published in accordance with the applicable law in force from time to time.

In addition, the proposing person(s) are required to, on penalty of inadmissibility, file: (a) the list of the proposing person(s), specifying the number of shares of our Company held by each of them, accompanied by evidence attesting compliance with the minimum threshold as required by the

paragraph above (i.e. 1% of the share capital of our Company); (b) the curriculum vitae of each candidate; (c) confirmations from each candidate accepting his/her nomination and attesting, in his/her own responsibility, that there are no grounds for his/her ineligibility and incompatibility to act as a statutory auditor and that he/she satisfies the aforementioned integrity and, if applicable, independence requirements; and (d) the list of the offices as a member of the board of directors or the board of statutory auditors held by the candidate auditor in other companies.

The candidates shall be divided into two lists: the first ("**List C**") contains the names of those candidates for appointment as effective auditors and the second ("**List D**") contains the names of those candidates for appointment as alternate auditors. Every single name submitted is to be voted on separately.

The three candidates drawn out from List C who receive the majority of votes expressed will be elected as effective auditors and the two candidates drawn out from List D that receive the majority of votes expressed will be elected as alternate auditors. The candidate drawn out from List C who receives the majority of votes expressed by the shareholders will be elected as chairman. If two or more candidates receive the same number of votes, the chairman will be appointed by the shareholders' meeting in a separate vote.

Auditors for any reason not appointed pursuant to the aforementioned procedure will be appointed by the ordinary shareholders' meeting with the majorities prescribed by Italian law (see Paragraph B.10 of this Appendix IV), in such a way as to ensure that the composition of the board of statutory auditors complies with the applicable legislation and the By-laws.

A meeting of the board of statutory auditors will be validly held if those present are located in different places, wherever situated, connected by audio/visual means, provided each of the participants in the meetings can be identified and if each can follow and participate in the discussions of the topics dealt with in real time. The meeting is considered validly held in the place indicated in the meeting notice.

4. Auditing firm

The accounting audit of our Company is to be carried out by a certified and registered public accountant or auditing firm. The appointment and replacement of the auditing firm, the duties, powers, responsibilities and the procedures to determine the remuneration of the auditing firm are set forth under the applicable law (see Paragraph B.8 of this Appendix IV).

5. Share capital

The stock capital of our Company is two hundred and fifty million Euro (€ 250,000,000) fully paid-up, represented by 2,500,000,000 (two billion five hundred million) ordinary shares each with a nominal value of € 0.10 (zero point one).

The shareholders' extraordinary meeting on May 26, 2011 resolved to increase the share capital of our Company, for the purpose of the Global Offering, in one or more tranches, for a maximum nominal value of € 5,882,400 to be carried out by December 31, 2011 or, if earlier, by the settlement date of the Global Offering, at a price per share not lower than its par value, through the issuance of a maximum number of 58,824,000 ordinary shares each of a nominal value of € 0.10 (zero point one), carrying the same rights as the existing issued ordinary shares of our Company.

The shares will be registered and every share will entitle the holder to one vote.

6. Duration

The duration of our Company is until January 31, 2100.

The duration of our Company may be extended one or more times by a resolution of the extraordinary shareholders' meeting.

7. Registered office and domicile

The registered office of our Company is in Milan, Italy. Our Company may open, change or close, establish or wind up branch offices, subsidiaries, representative offices, agencies and offices in general, in Italy and abroad.

For the purposes of their relations with our Company, the domicile of all shareholders, directors, statutory auditors and the external auditor will be the location of their address as it appears in our Company's books.

8. Bonds

Our Company may issue convertible and non-convertible bonds within the limits established under Italian law (see Paragraph B.14 of this Appendix IV).

9. Loans

Our Company may obtain interest-bearing or non-interest bearing loans from its shareholders, with or without a repayment obligation, in compliance with applicable laws and regulations.

Our Company must comply with Italian law provisions in relation to the prohibition on loans and other forms of financial assistance to directors (see Paragraph B.13 of this Appendix IV). In addition, we have adopted in the By-laws restrictions substantially similar to those set forth by the Hong Kong Companies Ordinance.

10. Withdrawal right

Each shareholder has the right to withdraw from our Company in the manner provided for by the Italian Civil Code (see Paragraph B.15 of this Appendix IV). The right to withdraw cannot be exercised by shareholders who do not vote in favor of a resolution that is passed regarding the extension of our Company's duration or the introduction or removal of any burden relating to the circulation of our shares.

11. Financial year, year-end accounts and profits

The financial year of our Company will close on January 31 of each year.

At the end of each financial year, the board of directors will prepare our Company's financial statements in compliance with the Italian law. A copy of our Company's financial statements, including the directors' report, balance sheet and profit and loss account shall be made available and sent by post to every shareholder in accordance with applicable laws and regulations at least twenty one days before the date of the relevant shareholders' meeting to approve those financial statements.

The year-end net profits, after the deduction of a sum representing not less than five percent (5%) to be set aside as a statutory reserve until the amount of the statutory reserve is equal to one-fifth of our Company's capital, will be allocated among the shareholders in proportion to their respective shareholdings, unless the shareholders' meeting decides to set aside additional provisions as reserves.

Dividends not collected within five years of the day on which they become payable will be proscribed in favor of our Company and allocated to reserves.

12. Notices

Notices required pursuant to Italian law

Any notice required pursuant to applicable Italian law is made in accordance with terms and conditions provided by such law.

Notices required pursuant to Hong Kong regulation

Notices required pursuant to Hong Kong regulations will be served as follows.

Any notice or other document may, to the extent permitted by and in accordance with applicable law, be served on, or delivered to any shareholder by our Company either personally or by sending it by post in a prepaid letter addressed to a shareholder at his/her registered address as it appears in our shareholders' register, or in the Hong Kong branch register or by delivering it to, or by leaving it at, this registered address. In the case of any notice published by way of advertisement in one or more newspapers, the notice shall be served by sending it as an electronic communication to the shareholder at the address he/she may have provided our Company for written correspondence, by publishing it on a computer network (including a website) or by any other means authorized in writing by the shareholder. In the case of joint holders of a share, service or delivery of any notice or other document on or to one of the joint holders shall for all purposes be deemed a sufficient service on or delivery to all the joint holders.

Any notice or other document given or issued by or on behalf of our Company:

a) if sent by post, shall be deemed to have been served or delivered on the day after the day when it was posted (in the case of a shareholder with a registered address in Hong Kong), and on the second day after the day when it was posted (in the case of a shareholder with a registered address outside Hong Kong) and in proving this service or delivery it will be sufficient to prove that the notice or document was properly addressed, stamped and put in the post;

b) if not sent by post but left by our Company at the registered address of a shareholder, it will be deemed to have been served or delivered on the day it was left;

c) if sent as an electronic communication, it will be deemed to have been served on the day following that on which it was sent and proof that the address provided by the shareholder in relation to our Company in writing for the purposes of electronic communications was used to send the electronic communication containing the notice or document will be conclusive evidence that the notice or document was served or delivered;

d) if published on a computer network, it will be deemed to have been served on the day on which the notice of the publication is served on, or delivered to, the shareholder concerned or where no notice of such publication is required by law to be served on, or delivered to the shareholder concerned, the day on which the notice or document first appears on the computer network concerned; and

e) if served, sent or delivered by any other means authorized in writing by the shareholder concerned, it will be deemed to have been served, received, or delivered when our Company has carried out the action it has been authorized to take for that purpose.

Except as specified under paragraph above any notice shall be exclusive of the day on which it is served or deemed served and of the day for which it is given.

Any notice or other document delivered or sent to any shareholder shall, notwithstanding that the shareholder is not deceased or bankrupt, or that any other event has occurred, and whether our Company has notice of the death or bankruptcy or other event, be deemed to have been duly served or delivered in respect of any share registered in the name of such a shareholder as sole or joint holder unless his name, at the time of the service or delivery of the notice or document, has been removed from the shareholders' register of our Company (or from the Hong Kong branch register) as the holder of the share and this service or delivery will be for all purposes be deemed as a sufficient service or delivery of such notice or document on all interested persons (whether jointly with, or as claiming through or under him) in the share.

13. Exercise of shareholders' rights

If the shares of our Company are listed on the Hong Kong Stock Exchange which provides for the distinction between legal ownership and beneficial ownership, the exercise of the rights pertaining to the shareholders will be permitted, with the prior authorization of the legal owner, to the beneficial owners to the fullest extent allowed by applicable Italian regulations.

The board of directors may fix any date as the record date for:

(a) determining the shareholders entitled to receive any dividend, distribution, allotment or issue and such record date may be on, before or after any date on which such dividend, distribution, allotment or issue is declared, paid or made;

(b) determining the shareholders entitled to receive notice of and to vote at any shareholders' meeting of the Company, provided that, in the case of voting, such record date is not more than two business days before the date of such shareholders' meeting.

If a clearing house recognized according to laws and regulations applicable pursuant to the listing of our shares on the Hong Kong Stock Exchange (or one or more nominee(s) of such clearing house) is a shareholder of our Company (or holder of the warrants issued), the clearing house (or its nominee(s)) may authorize one or more persons to act as its proxy(ies) or representative(s) at any ordinary or extraordinary meeting (or other meeting relating to financial instruments when issued) of our Company provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares (or financial instruments) in respect of which each such person is so authorized. A person so authorized pursuant to this provision shall be deemed to have been duly authorized without further evidence of the facts and shall be entitled to exercise at the relevant shareholders' meeting the same rights and

powers on behalf of the delegating party (being the clearing house (or its nominee(s)) as if such person (or its nominee(s)) were an individual shareholder of our Company holding the number and class of shares (or financial instruments) specified in such authorization.

14. Certificates

Every person whose name is entered as a shareholder in the Hong Kong branch register shall be entitled, without payment, to receive within two months after allotment (or within such other period as the terms of issue shall provide) one certificate for all his shares of any one class or several certificates each for one or more of his shares of such class upon payment for every certificate after the first of such reasonable out of pocket expenses as the board of directors may from time to time decide. In the case of a share held jointly by several persons, delivery of a certificate to one of several joint holders shall be sufficient delivery to all. Upon every transfer of shares the certificate held by the transferor shall be given up to be cancelled, and shall forthwith be cancelled accordingly, and a new certificate shall be issued to the transferee in respect of the shares transferred to him at such fee which shall be an amount not exceeding the relevant maximum amount as the Stock Exchange of Hong Kong may from time to time determine provided that the Board may at any time determine a lower amount for such fee. A shareholder who has transferred part of the shares comprised in his holding shall be entitled to a certificate for the balance at the aforesaid fee payable by the transferor to the Company.

If the shares of our Company become subject to a compulsory dematerialization system, the share certificates shall be given to our Company or to any delegated person (such as our Company's share registrar), in order to comply with the necessary requirements (which will require, *inter alia*, the opening of a securities account at a bank or with an authorized intermediary having access to the Italian securities clearing house (i.e., Monte Titoli S.p.A.)). In such case, certain rights relating or attaching to the shares can be exercised only after the dematerialization of the relevant certificates.

Shares may not be issued in bearer form.

15. Cancellation of share certificates

If a share certificate is stolen, lost or destroyed, it may be replaced according to the procedure set forth by the Italian Civil Code according to which, *inter alia*, the shareholder shall:

(i) serve a notice on our Company that the certificate is stolen, lost or destroyed;

(ii) petition the president of the Court of the place where our Company has its registered office with the request for the replacement of the share certificates. Where the president of the Court accepts reasons for the

replacement of the share certificate he will issue a decree by means of which the shareholder may obtain, provided that in the meantime no objection is filed by another claimant, the issuance of a share certificate replacing the one stolen, lost or destroyed.

If a share certificate is stolen, lost or destroyed, the relevant shareholder should contact the Hong Kong Share Registrar in the first instance.

16. Transfer of shares

As far as the transfer of the shares capable of being traded on the Hong Kong Stock Exchange is concerned, the procedures for transfers of shares traded thereon from time to time shall apply.

All transfers of shares registered on the Hong Kong branch register of shareholders shall be effected by transfer in writing in the usual or common form or in such other form as the board of directors may accept provided that it shall always be in such a form as prescribed by the Hong Kong Stock Exchange and complying with the procedure set forth under Paragraph 14 — Certificates above and may be under hand or, if the transferor or transferee is a clearing house (or its nominee(s)), under hand or by machine imprinted signature or by such other means of execution as the board of directors may approve from time to time within the limits set forth by applicable laws and regulations.

17 Jurisdiction and applicable laws

Any controversy that may arise in connection with, or relating to, the construction, application or performance of the By-laws shall be remitted to the courts of the place where our Company's legal seat is located.

Any reference to applicable laws and regulations contained in the By-laws is made to the relevant applicable Italian laws and regulations as well as to the relevant laws and regulations applicable pursuant to the listing of the Company's shares on the Hong Kong Stock Exchange.

Any matter not expressly covered by the By-laws shall be regulated by the provisions of the Italian Civil Code and of the special laws applicable thereto as well as by the laws and regulations applicable as a consequence of listing of our Company's shares on the Hong Kong Stock Exchange.

B. ITALIAN COMPANIES LAW

Set out below is a summary of certain provisions of the relevant Italian law applicable to an Italian company whose shares are listed on the Hong Kong Stock Exchange.

1. Introduction

The relevant Italian corporate laws and regulations governing an Italian company whose shares are listed on the Hong Kong Stock Exchange are mainly included in the Italian civil code, as amended and updated from time to time ("**Italian Civil Code**").

2. Incorporation

Our Company is a joint-stock company (*società per azioni*) governed by the Italian Civil Code. A joint-stock company is incorporated in the presence of an Italian notary. The notary is required to verify whether the conditions for the incorporation of a company have been complied with and whether the by-laws of the company comply with Italian law. The liability of the shareholders of our Company is limited. Under Italian law, a joint-stock company is normally established for a specified period. This period can be extended by a resolution of the shareholders at an extraordinary general meeting.

3. Share capital

The minimum amount of share capital provided for a joint-stock company is equal to € 120,000 (one hundred and twenty thousand).

The increase or reduction in the share capital of a company shall be resolved upon by an extraordinary general meeting of shareholders, acting in accordance with the conditions prescribed for the amendment of the by-laws. In addition, should the by-laws or a subsequent extraordinary meeting resolution grant to the board of directors such relevant power, a capital increase of a company can also be resolved upon by its board of directors in one or more times up to the amount specified in the relevant resolution of the extraordinary shareholders' meeting and for the maximum period indicated by the same which cannot exceed five years from the date of registration of the company (or of the extraordinary meeting resolution granting this power).

Capital increases

As a general rule, new issues of ordinary shares are subject to the existing shareholders' rights of pre-emption and each such shareholder is entitled to subscribe for shares on a pro rata basis. However, shareholders' rights of pre-emption are excluded, if the capital increase is carried out as a result of a contribution in kind, and can be excluded or limited if (i) the by-laws of the company expressly provide for this possibility, but only for a number of newly issued shares not exceeding 10% of the issued and outstanding shares (in this case the issue price must be equal to the market price of the shares and such circumstance is confirmed by a specific opinion of the auditing firm) with respect to companies whose shares are listed on a regulated market only; or (ii) this is in the best interest of the company; or (iii) the newly issued shares are offered to employees of the company, of its controlling company or of its

subsidiaries. In case under (ii) and (iii) above - but in this latter case only if the newly issued shares offered to employees represent more than 25% of the total amount of the newly issued shares - the extraordinary shareholders' meeting resolution has to be adopted with the approval of shareholders representing more than half of the issued share capital, even if the resolution is passed on a second or subsequent call.

The By-laws on the Listing Date do not exclude or limit the pre-emption rights of existing shareholders in the case of a capital increase.

Capital reductions

A reduction of share capital can be either voluntary or compulsory. It is compulsory when: (i) the losses incurred by our company exceed one-third of its share capital and are not reduced within this threshold by the end of the financial year following the one in which they are recorded, or (ii) the losses incurred by the company result in a reduction of the share capital below the minimum threshold set forth by the Italian Civil Code (i.e. € 120,000). In this case, either the extraordinary shareholders' meeting resolves upon a capital increase to an amount not lower that the minimum requirement or the company is liquidated.

The voluntary reduction can be carried out either by a repayment to shareholders or waiver of their obligation to pay up their shares if they are not already fully paid up within the limits set out by law.

The reduction of the share capital shall be approved by an extraordinary shareholders' meeting of the company. When the capital reduction is voluntary, the relevant resolution of the extraordinary shareholders' meeting can only be effective after 90 days from the date of its registration in the register of enterprises provided that during this period no objection has been made by any creditor of the company that was a creditor before the above registration. Notwithstanding any such objection, the relevant Court can still order that the reduction of capital should be carried into effect, if the risk of prejudice for creditors is deemed groundless or the company provides adequate security.

In the event that the company owns treasury shares, the voluntary capital reduction shall be carried out so that the treasury shares, if any, owned after the share capital reduction shall not exceed 20% of the share capital.

4. Dividends and distributions of profits

A company may proceed with a distribution of profits by means of a resolution adopted by the ordinary shareholders' meeting that approves the annual balance sheet. A portion not lower than 5% of the annual net profits must be set aside to a non-distributable reserve (*riserva legale*) until this reserve is equal to 20% of the share capital of the company.

The distribution may only be out of actual profits as resulting from the balance sheet that has been duly approved by shareholders. In the case of capital losses, a company shall not proceed to distribute profits as long as the share capital has not been reinstated or reduced by a corresponding amount.

Distribution of profits made in breach of such provisions cannot be recovered from recipients if the shareholders collected them in good faith on the basis of a balance sheet duly approved showing correspondent net profits.

Dividends in shares

The allotment of additional shares in lieu of dividends would be a capital increase and would require a resolution of the extraordinary shareholders' meeting.

5. Shareholders' suits/Protection of minority shareholders' rights

The board of directors - or the board of statutory auditors, if the board of directors fails to do so - shall call a shareholders' meeting without delay upon request of shareholders representing at least 5% of the company's share capital - or the lower percentage set forth in the by-laws - provided that the items to be discussed shall be indicated in the request.

If the board of directors - and the board of statutory auditors, if applicable - fails to convene the meeting when requested, the relevant court - upon request by one or more shareholder(s) registered in the shareholders' ledger and after hearing the members of the board of directors and of the board of statutory auditors — shall call the meeting by a decree, if it considers the failure to convene the meeting is unjustified. In such event, the court will also designate the person who will chair the meeting ordered by the relevant court.

The calling of a shareholders' meeting upon request of the shareholders is not allowed on matters which, pursuant to Italian law, should be proposed by the directors or on the basis of a report or a project to be drafted by them.[2]

Shareholders representing at least 0.1% of the share capital and registered in the shareholders' ledger (or the lower percentage provided in the by-laws) may challenge before a competent court any resolutions approved by the shareholders' meeting without their favorable vote if the resolutions are not adopted in compliance with applicable law or the by-laws and may seek annulment of the same. They may also seek suspension of the resolution by an

[2] Under Italian law there are a number of shareholders' meeting resolutions (such as balance sheet approval, merger or demerger approval, capital increase reserved to third parties) that require specific preliminary activities of the board of directors (drafting a report/project or detailing the reason for the proposal). In such cases, a shareholders' meeting cannot be called upon request of the shareholders.

injunction. The complaint must be filed within 90 days from the date on which the resolution is adopted or, as the case may be, registered in or filed with the register of enterprises (c.d. *registro delle imprese*) before the court of the place where the company has its registered office. Members of the board of directors and the board of statutory auditors have the same right to challenge a shareholders' resolution that is not adopted in compliance with applicable law or the by-laws.

Shareholders are entitled to claim damages suffered as a result of resolutions not compliant with applicable law or the company's by-laws.

If there are serious reasons to believe that directors, infringing any of their duties, have committed serious irregularities in the management of the company which may harm the company (or one or more of its subsidiaries), shareholders representing at least 5% of the share capital and registered in the shareholders' ledger (or the lower percentage provided in the by-laws) are entitled to report the facts to the competent Court, which can order an investigation into our company's management and take appropriate interim measures, including the dismissal of any or all of the directors and/or the statutory auditors and/or the appointment of a judicial commissioner.

6. Board of directors

Management powers and disposal of assets

The board of directors is vested with powers to manage the company and to perform all acts necessary to obtain the corporate purpose (such as administration and disposition of its assets).

The board of directors (i) assesses the adequacy of the organizational, administrative and accounting structure of the company; (ii) examines the strategic, industrial and financial plans of the company; and (iii) examines, on the basis of the information received of the corporate bodies, the general performance of the company.

Directors shall act in an informed manner; each director can require that any delegated body refers to the board of directors information relating to its management activity.

Directors are appointed by the ordinary shareholders' meeting and can be removed by an ordinary shareholders' meeting resolution at any time. In the case of removal without cause they are entitled to damages.

If during a financial year one or more directors cease from the office for any reason, the remaining directors resolve upon their substitution with the favorable opinion of the board of statutory auditors, provided that the majority of the directors are appointed by the ordinary shareholders' meeting. The incoming directors remain in office until the subsequent shareholders'

meeting. If the majority of directors appointed by the ordinary shareholders' meeting cease from office for any reason, the remaining directors shall call an ordinary shareholders' meeting for their substitution. If all directors cease from office for any reason, the board of statutory auditors shall promptly call a shareholders' meeting for the appointment of new directors.

Resolutions adopted by the board of directors not in compliance with applicable laws and the by-laws may be challenged only by the board of statutory auditors and directors who did not attend the meeting or vote against the resolution within 90 days from the date of the relevant resolution. Shareholders may challenge a board resolution if it is detrimental to their rights. Rights acquired by bona fide third parties in compliance with board resolutions cannot be challenged.

Conflict of interests

A director must disclose to other directors and to the board of statutory auditors any interest that he/she has on his/her own or on behalf of third parties in a specific transaction of the company, specifying the nature, the terms, the origin and the relevance of the interest. If any director - by virtue of a power of attorney granted to him/her - has the power to decide on an individual basis with respect to a specific transaction in which he/she has a concurrent interest, he/she must abstain from carrying out the transaction and the decision regarding the transaction shall be voted on by the board of directors. In the case of an interest held by a director, the resolution of the board of directors must adequately justify the reasons for and the benefits to the company of the transaction.

In the event of non-compliance with the provisions above or if the resolution of the board is adopted with the determining vote of the interested director and its contents may prejudice the company, the resolution may be challenged by the directors or by the board of statutory auditors within 90 days from the date of its adoption. Any director who voted in favor of the resolution, if the information requirements have been complied with, cannot challenge the resolution.

The director is liable for any damages suffered by the company as a result of his/her actions or omissions. The director is also liable for the damages which may be suffered by the company from the use for his/her own benefit or that of third persons of data, information or business opportunities obtained in connection with his/her appointment.

The board of directors must adopt internal rules, following the guidelines set forth by CONSOB, aimed at ensuring transparency and fairness both from a substantive and a procedural standpoint in relation to related party transactions. The board of statutory auditors supervises compliance with such rules.

Directors' liability towards the company

Directors shall fulfil the duties imposed upon them by applicable laws and by the by-laws with the standard of care required by nature of their office and their specific skills. Directors are jointly and severally liable to the company for damages caused by the failure to comply with their duties, except for functions vested solely in the executive committee or in one or more directors. In any case, directors are jointly and severally liable, if being aware of prejudicial acts, they do not do what they can in order to prevent their performance or to eliminate or reduce their harmful consequences. Liability for acts or omissions of directors does not extend to a director who, being without fault, has had his dissent entered without delay in the minutes of the board of directors and has immediately given written notice to the chairman of the board of statutory auditors.

Action for directors' liability brought by the company

An action for directors' liability is brought pursuant to a resolution of the ordinary shareholders' meeting. The resolution concerning directors' liability can be adopted when the shareholders' meeting examines the annual financial statements even if not included in the agenda when it relates to matters pertaining to the fiscal year to which the financial statements refer. The action may be brought upon resolution of the statutory auditors adopted with a two-thirds majority. The action may be commenced within five years from the termination of the director's appointment. The resolution to bring an action for liability entails the removal from office of the directors against whom the case is brought provided that it is adopted with the favorable vote of at least 20% of the share capital. In such a case the same shareholders' meeting provides for their replacement.

The company can waive the right to bring an action for liability and can settle it provided that such waiver and settlement are approved by an express resolution of the ordinary shareholders' meeting and unless 5% — or the lower percentage set out in the by-laws which, in such a case, cannot exceed 2.5% — or more of the share capital vote against.

Action for directors' liability brought by shareholders

The company action for liability may also be exercised by shareholders representing at least 2.5% of the company's share capital registered in the shareholders' ledger (or the lower percentage set out in the by-laws). The shareholders who intend to promote the action may appoint, by majority of the share capital owned, one or more common representatives for the exercise of the action and for the performance of the related acts. If the claim is accepted, the company reimburses the plaintiff's judicial expenditures and those incurred for the ascertainment of the facts which the judge does not charge to the

losing party or which may not be possible to recover upon enforcement against them. Shareholders who have initiated the action may abandon it or settle it. Any compensation for waiver or settlement must be for the benefit of the company.

Individual action of the shareholders and of third parties

Individual shareholders or third parties who have been directly injured as a result of malice, fraud or negligence by the directors can sue the company for damages. Such action can be brought within five years from the act that damaged the shareholder or the third party.

Action for directors' liability brought by creditors

Directors are liable vis-à-vis creditors of the company if they do not fulfill their obligations in connection with the keeping of the integrity of the company assets. Creditors may exercise their action in the event that the company assets are not sufficient to satisfy their credits.

7. Board of statutory auditors

Duties and powers of the statutory auditors

The board of statutory auditors supervises compliance with the law and the by-laws, compliance with the principles of proper management and, in particular, on the adequacy of the organizational, administrative and accounting structure adopted by the company and on its functioning.

The board of statutory auditors, in the case of omissions or unjustified delay by the directors, must convene the shareholders' meeting and arrange for the relevant publications required by law.

The board of statutory auditors may at any time proceed, also individually, to inspections and controls and may request information from directors, also with reference to controlled companies, on the trend of corporate affairs or on specific matters. It may also exchange information with the correspondent bodies of the controlled companies on the administration and control system and on the general trend of the corporate bodies.

The board of statutory auditors may also, subject to a prior communication to the chairman of the board of directors, convene the meeting if, in the performance of its duties, it becomes aware of censurable serious facts and there is urgency to take action.

Appointment, removal and replacement of statutory auditors

Statutory auditors are appointed for the first time in the by-laws and subsequently by the ordinary shareholders' meeting. They remain in office for a period of three years and the termination of their office becomes effective on the date on which a new board of statutory auditors is re-appointed.

The appointment of the statutory auditors may be revoked only for cause. The resolution for revocation must be approved by decree of the relevant Court after having heard the interested person.

In the case of the death or resignation of a statutory auditor or non-satisfaction of the relevant independence requirements by a statutory auditor, the alternate auditor who is the most senior in age takes his place. The alternate auditor remains in office until the next meeting which will have to elect the statutory and alternate auditors necessary for the integration of the board. The term of office of the newly-appointed auditors expires together with the term of those in office.

In case of substitution of the chairman of the board of statutory auditors, the chairmanship is assumed by the statutory auditor senior in age until the next meeting.

If it is not possible to fill the vacancies on the board of statutory auditors with alternate auditors, an ordinary shareholders' meeting shall be called in order to fill those vacancies.

Meetings and resolutions of the board of statutory auditors

The board of statutory auditors shall meet at least every 90 days. The meeting may take place, if allowed in the by-laws, also through telecommunications means.

The board of statutory auditors is validly convened with the presence of the majority of the statutory auditors and resolves by absolute majority of those present. A dissenting statutory auditor has the right to have the reasons for the dissent registered in the minute.

The statutory auditors shall attend the meetings of the board of directors and meetings of shareholders and of the executive committee.

Statutory auditors who, without justifiable reason, fail to attend meetings of shareholders or, twice in a row during a company fiscal year, meetings of the board of directors or of the executive committee, forfeit their office.

Complaint of shareholders to the board of statutory auditors

Any shareholder can complain to the board of statutory auditors of facts deemed censurable and the board of statutory auditors shall take the complaint into account in its report to the shareholders' meeting.

If the complaint is submitted by shareholders representing one-fiftieth of the company's share capital, the board of statutory auditors shall investigate, without delay, the facts set forth in the complaint and submit its findings and possible recommendations to the shareholders' meeting.

Compensation

The annual compensation of statutory auditors, if not established in the by-laws, shall be specified by the shareholders' meeting at the time of their appointment for the entire duration of their office.

Liability of statutory auditors

The statutory auditors shall discharge their duties with the professionalism and diligence required by the nature of their office. They are liable for the truth of their statements, and shall keep secret the facts and documents of which they have knowledge by reason of their office.

They are jointly and severally liable with the directors for acts and omissions of the latter, when the damage for the company would not have occurred if they had exercised vigilance in compliance with the duties of their office.

The action for liability against the statutory auditors is regulated, to the extent compatible, by the provisions applicable to liability action against the directors (see Paragraph B.6 of this Appendix IV).

8. Accounting and auditing requirements

The annual financial statements of the company must be audited by a certified and registered public accountant or an auditing firm (the "**Auditor**"). The annual financial statements and the Auditor's report are submitted to, and approved by, the annual general shareholders' meeting of the company.

The Auditor is appointed every three years by the general shareholders' meeting of the company, on the basis of a proposal of the board of statutory auditors.

Removal of the Auditor before the term's expiration is resolved upon by the general shareholders' meeting of the company only for cause and after consultation with the board of statutory auditors. For the avoidance of doubt,

a difference of opinion concerning the application of accounting principles or the procedure carried out does not represent a ground for removal for cause. The same shareholders' meeting called for the removal of the Auditor shall appoint a new Auditor.

In the case of resignation of the Auditor or mutual agreement to terminate its office, the Auditor shall carry out its activities until a new Auditor has been appointed and, in any case, for a maximum period of six months.

The remuneration of the Auditor is resolved upon by the general shareholders' meeting of the company.

9. Register of shareholders

A register of the shareholders shall be maintained at the registered office of the company. Shareholders may examine the register of shareholders free of charge and make copies at their own expenses. A shareholder's legal title to shares is evidenced by the registration of his/her name on the register of shareholders.

10. Shareholders' meeting resolutions

Shareholders' meetings are either ordinary or extraordinary and under Italian law there is no distinction between ordinary resolutions and special resolutions. Both ordinary and extraordinary shareholders' meetings are usually called by the board of directors, but Italian law - in particular circumstances - expressly provides that a shareholders' meeting may be called in a different manner.

The notice of call must contain at least the indication of the date, time and venue of the meeting, together with the list of items to be discussed.

Any persons entitled to vote can attend shareholders meetings.

The by-laws of companies whose shares are not dematerialized may (but are not required to) require the prior deposit of the shares at the registered office of the company or with the banks indicated in the notice of call of the relevant meeting, fixing the term within which the deposit has to take place and eventually contemplating that the shares may not be withdrawn prior to the meeting. Such term cannot be longer than two business days for companies whose shares are widely spread among the public.

Ordinary shareholders' meetings

An ordinary shareholders' meeting is called to resolve upon, *inter alia*: (i) approval of the balance sheet; (ii) appointment or removal of the directors, appointment of the statutory auditors, and appointment of the auditing firm; (iii) the amount of the compensation for directors and statutory auditors

(unless such amounts are already set forth in the by-laws), as well as the compensation of the auditing firm; (iv) purchase and disposal of own shares, and (v) legal proceedings against directors or statutory auditors for violation of their fiduciary duties.

An ordinary shareholders' meeting must be convened at least once a year within 120 days from the end of the financial year; the by-laws can increase such term up to 180 days when the company is required to draw up consolidated financial statements or when required by the particular circumstances concerning the structure and purpose of the company.

The notice calling the ordinary shareholders meeting can specify a second call for the case in which the attendance on first call does not meet the minimum quorum requirement set forth by Italian law. In particular, in the first call, the ordinary shareholders' meeting (a) is duly held with the presence of shareholders representing at least one-half of the company's share capital, and (b) adopts resolutions with the favorable vote of the majority of the represented share capital or the higher quorum set out in the by-laws; in the second call, the ordinary meeting, regardless of the amount of share capital represented at the meeting, adopts resolutions with the favorable vote of the majority of the represented share capital. There is no minimum quorum requirement.

The by-laws may provide for higher quorums in the second call, except for approval of the financial statements and appointment and revocation of the corporate bodies.

If the notice calling the ordinary shareholders' meeting does not foresee a second call and shareholders present at the first call do not represent in the aggregate at least one-half of the company's share capital, the meeting must be called again.

The by-laws of companies having access to capital markets can exclude the possibility of calls subsequent to the first one. In this case, the shareholders' meeting is held in a single call and the quorum requirement is the same as that applicable to ordinary shareholders meeting held on second call. Accordingly, the shareholders' meeting adopts resolutions with the favorable vote of the majority of the represented share capital, regardless of the amount of share capital present at the meeting, that is, there is no minimum quorum requirement. On the other hand, in the first call, the ordinary shareholders' meeting is duly held with the presence of shareholders representing at least one-half of the company's share capital and the ordinary shareholders' meeting adopts resolutions with the favorable vote of the majority of the represented share capital.

Extraordinary shareholders' meetings

An extraordinary shareholders' meeting is called to resolve upon, *inter alia*, (i) any amendment of the by-laws, (ii) appointment or removal of liquidators, (iii) capital increases and reductions, (iv) mergers and demergers, and (v) any other matter expressly provided by the law.

The notice calling the extraordinary shareholders' meeting can specify a second call (and a third one for companies having access to capital markets) for the case in which the attendance on prior call does not meet the minimum requirement set forth by Italian law. In particular, in the first call, the extraordinary shareholders' meeting (a) is duly held with the presence of shareholders representing at least one-half of the company's share capital or the higher quorum set out in the by-laws, and (b) adopts resolutions with the favorable vote of at least two-thirds of the represented share capital. If the shareholders present at the first call do not represent in the aggregate the portion of capital required, the extraordinary meeting must be called again. In the second call, the extraordinary meeting (a) is duly held with the presence of shareholders representing at least one-third of the company's share capital or the higher quorum set out in the by-laws, and (b) adopts resolutions with the favorable vote of at least two-thirds of the represented share capital. If the shareholders present at the second call do not represent in the aggregate the portion of capital required, the extraordinary meeting must be called again. In the third call, the extraordinary meeting (a) is duly held with the presence of shareholders representing at least one-fifth of the company's share capital or the higher quorum set out in the by-laws, and (b) adopts resolutions with the favorable vote of at least two-thirds of the represented share capital.

The by-laws of companies having access to capital markets can exclude the possibility of calls subsequent to the first one. In this case, the shareholders' meeting is held in a single call and the quorum required for passing valid resolutions are those applicable to extraordinary shareholders' meeting held on third call. Accordingly, the shareholders' meeting (a) is duly held with the presence of shareholders representing at least one-fifth of the company's share capital, and (b) adopts resolutions with the favorable vote of at least two-thirds of the represented share capital. On the other hand, in the first and second call, the extraordinary shareholders' meeting is duly held with the presence of shareholders representing at least, respectively, one-half and one-third of the company's share capital and the extraordinary shareholders' meeting, both in the first and in the second call, adopts resolutions with the favorable vote of at least two-thirds of the represented capital.

11. Proxies

Any person entitled to vote at the shareholders' meeting can attend the meeting by proxy. The proxy shall be conferred in writing and the related documents shall be kept by the company.

For companies having access to capital markets a proxy may be granted only for a single meeting, but it is also valid for subsequent calls, unless the proxy is granted as a general power of attorney or is granted by a company, association, foundation or other collective entity or institution to one of its employees.

A proxy cannot be issued with a blank for the name of the attorney and may always be revoked irrespective of any agreement to the contrary. The attorney may be substituted only by another person expressly indicated in the proxy.

If the proxy is granted to a company, association, foundation or other collective entity or institution, such entities may delegate only one of their employees or consultants as the proxy. A corporation may execute a form of proxy under the hand of a duly authorized officer.

A proxy cannot be granted to members of the board of directors or to statutory auditors or to employees of our Company or any of its subsidiaries.

For companies having access to capital markets, the same person cannot represent at a meeting more than 200 shareholders if the company has a capital higher than € 25 million.

12. Power of the company to purchase its own shares

A company may purchase its own shares (and hold them in treasury), provided they are fully paid up for an amount not exceeding the distributable profits and distributable reserves resulting from the last annual balance sheet duly approved at the relevant shareholders' meeting. Save as expressly provided by the Italian Civil Code[3] , in companies having access to capital markets the par value of the treasury shares owned by the company (plus the par value of the shares of the company owned by its subsidiaries, if any) shall not exceed 20% of the issued share capital of the company. The purchase of own shares must be authorized by the ordinary shareholders' meeting which determines the terms and conditions at which the shares can be purchased, indicating in particular the maximum number of shares to be purchased, the period - not exceeding 18 months - for which the authorization is granted, the minimum price and the maximum price at which the shares can be purchased. Shares purchased and held by the company may only be resold pursuant to a shareholders' meeting resolution which determines the relevant terms and conditions. Shares that are not acquired in compliance with the principles set forth above must be sold within one year.

[3] The Italian Civil Code provides some exceptions when a company purchases its own shares: (a) in connection with a resolution of the extraordinary shareholders meeting calling for a capital reduction for losses, (b) without any consideration, provided always the shares are fully paid-up, (c) in connection with a merger or demerger, or (d) in connection with an enforcement procedure.

The shares purchased by the company are not entitled to dividends or, save as otherwise resolved upon by the ordinary shareholders' meeting, pre-emption rights in connection with capital increases. These shares do not carry a right to vote but are nevertheless computed in the share capital for purposes of calculating the quorum requirements at shareholder meetings.

A company is required to create a corresponding reserve in its balance sheet for an amount equal to the book value of its own shares held from time to time. Such reserve is not available for distribution, unless such shares are resold to third parties or cancelled.

13. Financial assistance by a company to purchase or underwrite its own shares

A company shall not directly or indirectly provide financial assistance for the purchase or underwriting of its own shares unless the following procedure is met:

(i) a report is prepared by the board of directors highlighting, both from a legal and economic standpoint, the terms and conditions of the transaction, evidencing the purposes which justify the specific interest that the transaction carries for the company, the risks that could affect the liquidity and ability of the company to repay its debts, as well the acquisition price. The directors shall also certify that the transaction is carried out at market terms and conditions (having particular regard to the guarantees and the interest rate applied) and that the credit has been duly evaluated. The report has to be filed with the registered office of the company during the 30 days before the date fixed for the shareholders' meeting; and

(ii) the transaction is approved by the extraordinary shareholders' meeting.

In case of financial assistance for the purchase of its own shares, together with the transaction, the extraordinary shareholders' meeting authorizes directors to sell such own shares. The purchase price shall be at least equal to the weighted average price of the shares during the six months before the issue of the shareholders' meeting notice.

In case of financial assistance for the purchase of its own shares by single directors of the company or its controlling entity or by the controlling entity, or to the third parties acting on behalf of such persons, the directors' report shall also certify that the financial assistance is in the best interests of the company.

The aggregate amount of the proceeds used and the aggregate amount of the guarantees granted for the acquisition of its own shares shall not exceed the amount of the distributable profits and of the distributable reserves as resulting from the last balance sheet duly approved by the relevant shareholders' meeting. The aggregate amount of the proceeds used to pay and the aggregate amount of the guarantees granted shall be recorded as non-distributable reserve in the balance sheet.

A company cannot either directly or indirectly accept its own shares as security.

If the treasury shares acquired not in compliance with the principles set forth above are not sold within one year, they shall be promptly cancelled and the share capital shall be reduced accordingly by the shareholders' meeting; if the shareholders' meeting does not proceed, directors and statutory auditors shall apply to the court to proceed to share capital reduction by court order.

14. Bonds

A company may issue bearer or registered bonds for an aggregate amount not exceeding two times the aggregate of its share capital, legal reserves and distributable reserves contained in the latest financial statements duly approved by the shareholders. The board of statutory auditors will certify compliance with this limit.

The limit referred to above may be exceeded if the bonds issued in excess of such limit are reserved to professional investors which are under the supervisory control of regulatory authorities. If such bonds are subsequently distributed, the transferor remains liable for the solvency of the company towards any purchasers who are non-professional investors.

The issuance of bonds guaranteed by a first degree mortgage on real estate assets owned by the company is not subject to the limitation referred to above and does not fall within the relevant computation for the amount up to two-thirds of the value of the mortgaged assets.

Guarantees issued by the company for bonds of other Italian or foreign companies are included within the computation of the limit referred to above.

Unless provided otherwise by law or by the by-laws, the issuance of bonds is resolved upon by the board of directors; the minutes of the relevant meeting are drafted by a notary and are deposited and registered with the relevant companies' register.

15. Withdrawal right

The Italian Civil Code provides a withdrawal right to shareholders who did not vote in favor of the following resolutions adopted in the company's shareholders' meeting:

(i) changes in the corporate purpose of the company when the change effects a significant alteration to the activities of the company;

(ii) transformation of the company (e.g. from a joint-stock company into a limited liability company);

(iii) transfer overseas of the company's legal address (i.e. its registered office);

(iv) revocation of the proposed liquidation of the company;

(v) removal of one or more of the grounds for withdrawal contemplated in the by-laws;

(vi) changes to the criteria for determining the value of the shares in the event of a withdrawal;

(vii) amendments to the by-laws concerning the voting or participation rights; and

(viii) delisting the company's shares.

Unless the by-laws of the company provide otherwise, shareholders who did not vote in favor of the following resolutions may also be entitled to a withdrawal right:

(i) extension of the duration of the company;

(ii) introduction or removal of the restrictions on transfer of shares.

Our By-laws (see Paragraph A.10 of this Appendix IV) specifically exclude the right to withdraw in the circumstances set out in paragraph (i) and (ii) above.

Any agreement aimed at excluding or rendering more burdensome the exercise of the withdrawal right in the circumstances referred to in the paragraphs above is void as a matter of Italian law.

Terms and modalities of the exercise

The withdrawal right is exercised by withdrawing shareholders by sending a registered letter within 15 days after the date on which the relevant resolution is registered in the register of enterprises, providing details of the withdrawing shareholders and their address for communications relating to the proceeding and of the number and category of shares for which the withdrawal right is

exercised. If the circumstance that gives rise to the withdrawal right is not a shareholders' meeting resolution, the withdrawal right must be exercised within 30 days after the date in which the withdrawing shareholder becomes aware of it.

The shares for which the withdrawal right has been exercised cannot be transferred.

The withdrawal right cannot be exercised - and if exercised becomes ineffective - if, within the following 90 days, the company revokes the resolution from which the withdrawal right arises or if shareholders approved the liquidation of the company.

Determination of the value of the withdrawn shares

The value of the withdrawn shares is determined by making exclusive reference to the arithmetic average of the closing prices registered on regulated markets during the six months preceding the publication or receipt of the notice calling the meeting, the resolutions of which justify the withdrawal right. The by-laws of the company may provide for different criteria for the determination of the value of the withdrawn shares.

Shareholders are entitled to be informed of the determination of the value of the withdrawn shares during the 15 days preceding the meeting, the resolutions of which justify the withdrawal right; each shareholder is entitled to review the valuation and to obtain a copy of it at his/her cost.

Procedure for the liquidation of the withdrawn shares

The directors of the company have to offer the withdrawn shares to the other shareholders who have a right to acquire a number of such shares proportional to their equity interest in the company. The offer of option is filed with the register of enterprises within 15 days of the final determination of the liquidation value. A term of not less than 30 days from the filing of the offer must be given for the exercise of the option right. Shareholders who exercise their option right, if they make a concurrent request, have a pre-emptive right for the purchase of the withdrawn shares for which no option has been exercised.

If the shareholders do not purchase the withdrawn shares so offered, in whole or in part, directors may place them with third parties through an offer on regulated markets. In the event that any withdrawn share is not placed within 180 days from the communication of the withdrawal right, such withdrawn shares are reimbursed by means of a purchase by the company utilizing the reserves available even in derogation to the limit set forth for the purchase of

its own shares (see Paragraph B.12 of this Appendix IV). Alternatively, if the company does not have profits and available reserves, an extraordinary shareholders' meeting shall be promptly convened in order to resolve upon the reduction of share capital or the liquidation of the company.

16. Take-overs

The Italian law on take-over bids implementing the EU Directive 2004/25/CE only applies to takeover bids for the securities of Italian companies, where all or some of those securities are admitted to trading on a regulated market[4] of an EU Member State. Our Company has not made, and currently has no plans to make, any application for the admission of any of our securities to trading on any regulated market of an EU Member State or any other stock exchange other than the Hong Kong Stock Exchange. Accordingly, neither EU Directive 2004/25/CE nor any other rules, regulations, laws or directives in the EU or Italy concerning takeover bids apply to our Company. However, the Hong Kong Code on Takeovers and Mergers will apply to take-over bids relating to our Company.

17. Liquidation

A company may be wound up upon the occurrence of any one of the following events: (i) expiration of the term set out in the by-laws; (ii) achievement of the corporate purpose or impossibility to achieve it, unless an extraordinary shareholders' meeting promptly resolves upon an appropriate amendment to the company by-laws; (iii) impossible running of the shareholders' meeting or constant inactivity of the shareholders' meeting (including consistent failure to hold the shareholders' meeting and the constant inability to pass resolutions); (iv) reduction of the share capital below the minimum amount prescribed by law, namely, € 120,000.00, unless the extraordinary shareholders' meeting promptly resolves upon the transformation of the company into another form of legal entity requiring a lower minimum capital; (v) impossibility to carry out the reimbursement of the shares, when such reimbursement is required in the context of the withdrawal procedure of one or more shareholders; (vi) a specific shareholders' meeting resolution to wind up the company; or (vii) any other situation provided by the by-laws or by law.

As soon as the board of directors becomes aware of the occurrence of a situation requiring the liquidation of the company, it shall call an extraordinary shareholders' meeting to resolve upon (i) the number of liquidators to be appointed and, if more than one liquidator is appointed, the rules that will govern the liquidation committee; (ii) the appointment of the liquidators

[4] According to art. 1, w-ter, TUF "regulated market" shall mean a multilateral system which permits or facilitates the meeting, internally and according to non-discretional regulations, of multiple third party purchase and sale interests with regard to financial instruments, admitted to trading in compliance with the rules of the market, in order to effect contracts, and which is operated by a management company, is authorized and operates regularly.

specifying which among them have the power to represent the company; (iii) the procedures to be adopted to proceed with the winding up and all other relevant and subsequent resolutions. Such procedures can also specify the way in which the liquidators, after satisfaction of the claims of all other creditors, can divide the remaining assets among shareholders.

Until the appointment of the liquidators is recorded in the register of enterprises and the delivery to them of the corporate records, the company's directors remain liable for the day-by-day management and they shall be responsible for maintaining the company's assets maintenance.

Under Italian law, and subject to satisfaction of the claims of all other creditors, shareholders are entitled to a distribution of the remaining liquidated assets in proportion to the number of shares they own on the total number of the issued and outstanding shares.

A company is dissolved and cancelled from the register of enterprises upon approval of the final liquidation statement as prepared by the liquidators.

Once a company is dissolved, creditors who have not been satisfied during the liquidation procedure can claim reimbursement from (i) shareholders within the limit of the liquidation proceeds received by them, and (ii) the liquidators if the non-payment was due to their improper behavior.

18. Pledge

1. *Overview*

The pledge on shares of an Italian joint-stock company may be granted by the shareholder with a procedure depending whether:

(i) the shares are represented by certificates issued by the company; or

(ii) the shares have been dematerialized.

2. *Shares represented by certificates*

A pledge on shares represented by certificates may be created by carrying out one of the following procedures:

(i) registration of the pledge both on the certificate and on the shareholders' register; or

(ii) endorsement in favor of the beneficiary of the pledge ("*girata in garanzia*") on the certificate. In this case, the pledge becomes effective vis-a-vis the company only after registration on the shareholders' register.

Once the pledge is created in compliance with the procedures set forth under points (i) and (ii) above, the certificates must be delivered to the pledgee or to a third party appointed as custodian of the certificates.

3. *Dematerialized shares*

In case of dematerialized shares, a pledge may be created as follows:

(i) registration of the pledged shares in a special bank account held by the relevant financial intermediary;

(ii) notification to the company of such registration by the financial intermediary; and

(iii) registration of the pledge in the shareholders' register of the company.

4. *Economic and administrative rights attached to the shares*

Unless otherwise agreed by the parties in the contractual documentation relating to the pledge, voting rights are granted to the pledgee, while the other administrative rights (e.g. the right to challenge resolutions of the shareholders' meeting) are granted both to the pledgor and the pledgee.

As regards economic rights, the pledgee has title to the distribution of profits (unless otherwise agreed with the shareholder) and to the distribution upon winding up of the company.

Option rights in case of share capital increase accrue to the pledgor.

19. Taxation of the Company

Overview

According to Italian tax law, joint-stock companies resident for tax purposes in Italy are subject to corporate income tax (IRES) on their worldwide income.

A company is considered resident in Italy if its legal office, place of effective management or main business is in Italy for the greater part of the financial year.

The taxable period for corporate income tax purposes is the financial year of the company, as determined by law or the by-laws.

In principle, taxable business income is determined under the accrual principle, with certain exceptions (e.g. directors' fees). The taxable base is the worldwide income shown on the profit and loss account prepared for the relevant financial year according to company law rules and adjusted according to the tax law provisions concerning business income.

For companies adopting the IAS/IFRS, the accounting treatment under IAS/IFRS is fully relevant for corporate income tax purposes, i.e. the criteria set forth by IAS/IFRS for the qualification, timing accrual and classification of items of income and cost are also applicable for corporate income tax purposes and prevail over any provisions contained in the Italian Income Tax Code.

Deduction of interest, depreciation and tax treatment of capital gains upon disposal of shares

Certain rules governing the deduction of interest and depreciation and the tax treatment of capital gains upon disposal of shares are as follows.

Interest expenses, other than capitalized interest expenses, are deductible up to an amount equal to interest income accrued in the same tax period. Any excess over that amount is deductible up to 30% of 'gross operating income' (similar to the EBITDA) derived through the core business of the company. The excess of 30% of 'gross operating income' can be carried forward, subject to special rules.

Fixed assets that are not financial fixed assets may be depreciated using the straight-line method. Depreciation may be taken in every financial year, regardless of whether the taxpayer incurred losses or made profits.

A 95% exemption (the 'Participation exemption' regime) applies to gains from the disposal of shares where the following conditions are met:

a) the participation has been held continuously from the first day of the 12th month prior to that of the disposal;

b) the participation was classified as a financial fixed asset in the first balance sheet closed after the acquisition;

c) the subsidiary is resident in a 'white list' country; and

d) the subsidiary carries on a commercial activity.

The last two conditions must have been met since the beginning of the third year preceding the year of disposal and, in the case of shares held in a holding company, they must be tested with reference to its subsidiaries.

Where the above conditions are not met, capital gains are fully taxable at the ordinary rate.

The holding of participations qualifying for the 'Participation exemption' triggers limitations in the deductibility of capital losses. A special tax regime applies to shares and similar financial instruments held by companies preparing their financial statements according to IAS/IFRS. Such regime differs, depending on whether the shares are accounted for as 'held for trading' under IAS/IFRS. For shares that are not accounted for as 'held for trading' under

IAS/IFRS, the 95% exemption regime on dividend distributions remains applicable and the unrealized gains and losses resulting from the mark-to-market valuation of the shares in the profit and loss account of the company according to IAS/IFRS are not relevant for income tax purposes.

The taxable base (if positive) is subject to IRES (currently 27.5%).

Losses may be carried forward for five years. For losses derived in the first three years from the beginning of the business activity, no time limitation applies. Losses may not be carried back. There are special anti-abuse rules in this field.

In addition to IRES, companies are also subject to a regional tax on productive activities (IRAP). The taxable base for IRAP is the net value of the production derived in each Italian region. The standard rate is 3.9% (which may be increased or decreased by regional authorities, to a certain extent).

Special rules for groups

A domestic tax consolidation regime is available both for direct taxation and VAT.

Italy also enforces transfer pricing rules which provide that items of income derived from transactions with related, non-resident companies are to be valued on arm's length basis.

Official transfer pricing documentation requirements have been recently set out which are in line with the ones contained in the 'OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations', as well as in the 'Code of Conduct on Transfer Pricing Documentation for Associated Enterprises in the European Union'.

C. ENFORCEMENT OF JUDGMENTS AGAINST THE COMPANY, ITS DIRECTORS OR ITS MAJOR SHAREHOLDER

Under Italian law there is nothing which would prevent the enforcement of judgments passed by a courts in Hong Kong against persons or entities having Italian nationality or domiciled or resident in Italy. Any judgment obtained from a court of competent jurisdiction in Hong Kong in proceedings brought by a shareholder of our Company against our Company, our Directors or our major shareholder will be recognized and enforced in Italy, in accordance with and subject to the requirements set forth in article 64 of Italian Law No. 218 of 1995 relating to the recognition and enforcement of foreign judgments. Under this article, any such judgment will be recognized (without any special procedure being required) unless: (a) the court that gave it did not have jurisdiction over the case according to the principles of Italian law on jurisdiction; (b) the defendant was not served with the document that instituted the proceedings in accordance with the law governing the proceedings (i.e., Hong Kong law), or the fundamental rules of due process were violated; (c) the parties did not

appear in the proceedings but the default of appearance was not duly declared in accordance with the law governing the proceedings; (d) the judgment is still subject to appeal; (e) the judgment is irreconcilable with a judgment given by an Italian court which has become res judicata; (f) at the time recognition is sought, other proceedings involving the same cause of action are pending between the same parties before an Italian court, if the Italian court was first seized; or (g) the effects of the judgment are contrary to the Italian public policy. The judgment is not subject to review as to its substance. If recognition is disputed or enforcement is necessary, the interested party may request the competent court in Italy to ascertain that the requirements for recognition are met, whereupon the judgment can be enforced in the same manner as a judgment given by an Italian court.

D. CERTAIN DISCLOSURE OF INTEREST AND OTHER SHAREHOLDING REQUIREMENTS UNDER ITALIAN LAW DO NOT APPLY TO OUR SHAREHOLDERS

The following requirements do not apply to our shareholders:

- **Disclosure of interest requirements.** Disclosure of interest requirements only apply to Italian issuers of securities which are listed and admitted to trading on a regulated market in an EU Member State within the meaning of Directive 2004/39/EC. Since our Company is not listed in Italy or in any other EU Member State, the EU or Italian rules, regulation, laws and directives imposing requirements on investors after listing only on the Hong Kong Stock Exchange would not apply to our Company. Under Italian companies law, there is no further requirement of disclosure of interest for the shareholders of a company, unless expressly provided by the by-laws. However, Italian companies law requires disclosure of agreements entered into among shareholders of a company, such as our Company, having access to capital markets. In particular, agreements relating to: (i) the exercise of voting rights in the company or its controlling entities, (ii) restrictions on the transfer of shares of the company or its controlling entities, (iii) the exercise, even jointly, of a dominant influence over the company or its controlling entities, have to be (a) communicated to the company to which they refer, (b) declared at the inception of each shareholders meeting. In the absence of this latter form of disclosure, the shareholders participating to the undisclosed shareholders agreement are prevented from exercising their voting rights.

- **Restrictions on ownership of interests in an Italian *sociatà per azioni*.** There are no particular share ownership restrictions for a joint-stock company (*società per azioni*) under Italian corporate law. Shares in a joint-stock company (*società per azioni*) are freely transferrable, subject to the provisions of its by-laws or other contractual obligations entered into by shareholders.

E. AMENDMENTS TO THE BY-LAWS

Set out below is a summary of the material differences between shareholders protection regimes in Italy and Hong Kong. Our By-laws have been amended in respect of certain specific matters with a view to affording our Company's shareholders a level of protection in respect of those matters substantially comparable with the protection provided under Hong Kong law for shareholders of a Hong Kong incorporated company. The major amendments made for this purpose are summarized below:

Appointment of Directors required to be voted on individually

Under Hong Kong law, a public company is prohibited from appointing two or more directors by the passage of a single resolution at a general meeting unless the company has first passed a motion approving a multiple appointment. If such motion is passed without any vote being cast against it, the resolution may be put to the general meeting regarding the multiple appointments. Under Italian law, no distinction is made between the appointment of a single director or multiple directors. Our By-laws have been amended to provide that the appointment of the directors by shareholders' resolutions shall be voted on individually to reflect the position under Hong Kong law.

Declaration of interests by directors

Under Hong Kong law, when a company proposes to put a resolution to a general meeting of the company, the notice of the meeting must be accompanied by a statement that (among other things) discloses any material interest of any director in the matter which is the subject of the resolution. There is no requirement under Italian law to include a disclosure of any director's conflict of interest in such a notice. Our By-laws have been amended to include a requirement to disclose any director's conflict of interest in notices of general meetings.

Prohibition of loans to directors

Under Hong Kong law, there is a general prohibition against the making of loans to or the provision of guarantees or other security for the benefit of directors of public companies or persons related to them, unless falling within certain exemptions specified under Hong Kong law. Italian law does not expressly provide for any such limitations. Provisions have been included in our By-laws to impose prohibitions against such transactions with Directors similar to that under Hong Kong law.

F. SUMMARY OF MAIN ITALIAN TAX ASPECTS RELEVANT TO SHAREHOLDERS OF THE COMPANY

The following is a non-exhaustive summary of certain material Italian tax consequences for shareholders holding and disposing of our Shares. It does not purport to be a complete analysis of all possible tax situations that may be relevant to a decision to purchase Shares or with regard to the taxation of our Company. **Prospective purchasers should consult their own tax advisors as to the applicable tax consequences, including Italian tax consequences, of the purchase, ownership and disposal of our Shares based on their particular circumstances.** No conclusions should be drawn with respect to issues not specifically addressed by this summary. The following description of Italian tax law is based upon Italian law and regulations in effect and as interpreted by the Italian tax authorities on the date of this prospectus and is subject to any amendments in law (or in interpretation) that may be introduced later, whether or not on a retroactive basis. It is not intended to be, nor should it be construed to be, legal or tax advice.

There is no double tax treaty in force between Italy and Hong Kong and, thus, Italy is not limited from applying its ordinary taxation on both dividends received and capital gains derived by residents in Hong Kong. In addition, there is no exchange of information agreement in force between the two jurisdictions.

As described below, the Italian tax regime applicable to dividends and capital gains may vary depending upon whether the Hong Kong Stock Exchange is a 'regulated stock market' in accordance with Italian tax law. The interpretations issued by the Italian Revenue Agency on the definition of 'regulated stock market' appear to exclude from its scope the Hong Kong Stock Exchange. If the Italian Revenue Agency publishes a clarification on this issue, our Company will make an announcement to inform investors of this development and the consequences thereof.

1. Dividend payments

General remark

Under Italian law, a withholding agent - such as our Company - must apply the correct withholding tax rate and it is subject to penalties if it fails to do so. Due to the inherent characteristics of the Hong Kong central clearing and settlement system ("**CCASS**"), our Company is not able to ascertain the identity, and consequently the tax residence, of the beneficial owners of our Shares who hold their investments in CCASS. Our Company is therefore not able to apply a rate of withholding tax on an individual basis to beneficial owners of our Shares who hold through CCASS. In addition, CCASS does not have the capacity to attribute to each CCASS Participant (and, accordingly, to each beneficial owner of our Shares) its respective share of distributed profits with the purpose

of enabling the Company to apply the proper withholding tax (if any). As a consequence, our Company will, upon distribution, apply a withholding tax on the whole amount of the dividend payable to such beneficial owners at a rate equal to 27%, which is the ordinary rate for the dividend paid to non-Italian residents and the highest possible withholding tax rate under Italian law. Beneficial owners entitled to a reduced (or no) withholding tax may seek to recover the excess amount of tax paid through a refund procedure initiated with the Italian Revenue Agency. Shareholders should note that delays may be encountered in the process of obtaining a credit refund. Our Company is exploring whether it would be possible to put in place a procedure that could avoid or minimize such delays. Any such procedure would be announced at the time our Company declares any dividend payment.

Individual shareholders

Shareholders resident in Italy

Dividends paid by our Company to individual shareholders resident in Italy are subject to different tax treatment depending on the following circumstances:

- dividends paid on a non-substantial participation not held in a business capacity are subject to a final withholding tax at a rate of 12.5%; and
- 50.28% of dividends paid on a participation held in a business capacity or on a substantial participation not held in a business capacity are exempt from tax (60% in the case of dividends paid out of profits of 2007 or previous years). The remaining 49.72% of the dividends (40% in the case of dividends paid out of profits of 2007 or previous years) is taxable at progressive rates (which range from 23% - for income up to € 15,000 - to 43% - for income exceeding € 75,000).

A participation is considered to be 'substantial' when it entitles the holder to (i) more than 2% of the voting rights or more than 5% of the capital in companies listed on regulated stock markets (according to Italian law), or (ii) more than 20% of the voting rights or more than 25% of the capital in other companies, including companies listed on non-regulated stock markets (according to Italian law). On the assumption that the Hong Kong Stock Exchange is not a regulated stock market for this purpose, the thresholds of 20% and 25% would apply before a participation is considered to be'substantial'. **Since we currently have only ordinary shares in issue, the relevant threshold for determining if a participation is 'substantial' or 'non-substantial' is whether the it is of more than 20% of voting rights in our Company.**

Shareholders not resident in Italy

Dividends paid by our Company to non-Italian resident individual shareholders (who do not carry on business in Italy through a permanent establishment situated therein) are subject to a 27% final withholding tax as a general rule. Subject to the provisions of any applicable double taxation convention, the rate of the withholding tax may be reduced. Alternatively, non-Italian resident shareholders may claim a credit refund equal to the lower of 4/9ths of the Italian withholding tax and the tax actually paid abroad on the dividend. However, this credit refund cannot be enjoyed where a shareholder seeks relief from double taxation based on an applicable tax convention, i.e. the two forms of juridical double taxation relief are alternatives. **There is no double taxation convention in place between Italy and Hong Kong.** Thus, Hong Kong resident shareholders may claim a credit refund equal to the lower of 4/9ths of the tax withheld and the amount of tax actually paid in Hong Kong (if any) on the dividend. If the dividend is not subject to final taxation in Hong Kong, the relevant Hong Kong resident shareholder is not entitled to receive any credit refund.

A credit refund request, if any, must be filed with the Italian Revenue Agency by the shareholder not later than 48 months following the date on which the tax on the dividend is finally paid by the shareholder in its home jurisdiction. In order to be entitled to the credit refund, the non-Italian resident shareholder must provide evidence of the final taxation in its home jurisdiction, by way of a certificate issued by the relevant tax authority in that jurisdiction. Shareholders should note that delays may be encountered in the process of obtaining a credit refund.

Companies

Shareholders resident in Italy

In general, 95% of dividends paid by our Company to corporate shareholders resident in Italy should be exempted from tax (the same rules apply to companies adopting IAS/IFRS, except for dividends paid on shareholdings classified as 'held for trading' that are fully taxable). No withholding tax is levied upon distribution.

Shareholders not resident in Italy

Dividends paid by the Company to non-Italian resident corporate shareholders (who do not carry on business in Italy through a permanent establishment situated therein) are subject to a 27% final withholding tax as a general rule. Subject to the provisions of any applicable double taxation convention, the rate of the withholding tax may be reduced. Alternatively, non-Italian resident corporate shareholders may claim a credit refund equal to the lower of 4/9ths of the Italian withholding tax and the tax actually paid abroad on the dividend.

However, this credit refund cannot be enjoyed where a shareholder seeks relief from double taxation based on an applicable tax convention, i.e. the two forms of juridical double taxation relief are alternatives. **There is no double taxation convention in place between Italy and Hong Kong.** Thus, Hong Kong resident corporate shareholders may claim a credit refund equal to the lower of 4/9ths of the tax withheld and the amount of tax actually paid in Hong Kong (if any) on the dividend. If the dividend is not subject to final taxation in Hong Kong, the relevant Hong Kong resident corporate shareholder is not entitled to receive any credit refund.

A credit refund request, if any, must be filed with the Italian Revenue Agency by the shareholder, not later than 48 months following the date on which the tax on the dividend is finally paid by the shareholder in its home jurisdiction. Shareholders should note that delays may be encountered in the process of obtaining a credit refund. In order to be entitled to the credit refund, the non-Italian resident shareholder must provide evidence of the final taxation in its home jurisdiction, by way of a certificate issued by the relevant tax authority in that jurisdiction. Special rules apply, among other things, in the following circumstances (in which case the 4/9th credit refund would not be applicable):

- dividends to EU or EEA 'white listed' pension funds are subject to a withholding tax of 11%; and
- dividends paid to EU or EEA 'white listed' companies are subject to a 1.375% withholding tax (only for dividends paid out of profits of 2008 or subsequent years).

Furthermore, following the implementation of the 90/435/EEC European Union Parent-Subsidiary Directive (the "**Directive**") of July 23, 1990, as amended, a withholding exemption applies if the corporate shareholder meets the following requirements:

- it is resident for tax purposes in an EU Member State;
- it is a legal entity in one of the forms listed in the Annex to the Directive;
- it is subject to one of the taxes listed in the Annex to the Directive, without benefiting from an exemption, unless temporarily or territorially limited; and
- it holds at least 10% of the capital of the subsidiary for at least one uninterrupted year.

The parent-subsidiary regime is not available for dividends received by corporate shareholders controlled by persons who are not residents of an EU Member State, unless such corporate shareholders can prove that they do not hold the participation in the company exclusively or predominantly for the purpose of benefiting from the special regime for EU outbound dividends.

2. Capital gains

Individual shareholders

Shareholders resident in Italy

Capital gains realized by individual shareholders upon a disposal for consideration of our Shares are subject to the following tax treatment:

- capital gains realized through the sale of a non-substantial participation not held in a business capacity are fully (i.e. 100%) subject to a substitute tax of 12.5%;
- 50.28% of capital gains realized through the sale of a participation (qualifying for the 'Participation exemption' regime described below) held in a business capacity or of a substantial participation not held in a business capacity are exempt from tax. The remaining 49.72% of the capital gains are taxable at progressive rates (which range from 23% - for income up to € 15,000 - to 43% - for income exceeding € 75,000); and
- capital gains realized through the sale of a participation (not qualifying for the 'Participation exemption' regime described below) held in a business capacity are fully (i.e. 100%) taxable at progressive rates (which range from 23% - for income up to € 15,000 - to 43% - for income exceeding € 75,000).

A participation is considered to be 'substantial' when it entitles the holder to (i) more than 2% of the voting rights or more than 5% of the capital in companies listed on regulated stock markets (according to Italian law), or (ii) more than 20% of the voting rights or more than 25% of the capital in other companies, including companies listed on non-regulated stock markets (according to Italian law). On the assumption that the Hong Kong Stock Exchange is not a regulated stock market for this purpose, the thresholds of 20% and 25% would apply before a participation is considered to be 'substantial'. **Since we currently have only ordinary shares in issue, the relevant threshold for determining if a participation being sold is 'substantial' or 'non-substantial' is whether the sale is of more than 20% of voting rights in our Company.** For the purpose of this computation, all disposals of our Shares that occurred within a 12-month period should be aggregated.

Shareholders not resident in Italy

Capital gains realized by non-Italian resident individual shareholders (who do not carry on business in Italy through a permanent establishment situated therein) on sales of our Shares are subject to the following tax treatment:

- capital gains realized through the sale of a non-substantial participation in companies listed on non-regulated stock markets (according to Italian

law, the Hong Kong Stock Exchange is a non-regulated stock market) are fully (i.e. 100%) subject to a 12.5% substitute tax. In this case, the taxpayer is required to file a tax return in Italy. A full exemption applies to shareholders resident in jurisdictions which allow the exchange of information with Italy (Hong Kong is not currently among these jurisdictions). **Individual Shareholders resident in Hong Kong will therefore be subject to capital gains tax**;

- 50.28% of capital gains realized through the sale of a substantial participation in all companies i.e. not listed, listed on a non-regulated stock market or listed on a regulated stock market (according to Italian law, the Hong Kong Stock Exchange is a non-regulated stock market) are exempt from tax. The remaining 49.72% of the capital gains are taxable at progressive rates which range from 23% - for income up to € 15,000 - to 43% - for income exceeding € 75,000). In this case, the taxpayer is required to file a tax return in Italy; and

- capital gains realized through the sale of a non-substantial participation in companies listed on regulated stock markets (according to Italian law, the Hong Kong Stock Exchange is a non-regulated stock market) are not regarded as Italian-sourced income (i.e. they are not subject to tax in Italy).

A participation is considered to be 'substantial' when it entitles the holder to (i) more than 2% of the voting rights or more than 5% of the capital in companies listed on regulated stock markets (according to Italian law), or (ii) more than 20% of the voting rights or more than 25% of the capital in other companies, including companies listed on non-regulated stock markets (according to Italian law). On the assumption that the Hong Kong Stock Exchange is not a regulated stock market for this purpose, the thresholds of 20% and 25% would apply before a participation is considered to be 'substantial'. **Since we currently have only ordinary shares in issue, the relevant threshold for determining if a participation being sold is 'substantial' or 'non-substantial' is whether the sale is of more than 20% of voting rights in our Company.** For the purpose of this computation, all disposals of our Shares that occurred within a 12-month period should be aggregated.

The amount of tax due in Italy may be reduced or eliminated pursuant to any applicable double taxation convention.

Companies

Shareholders resident in Italy

According to the 'Participation exemption' regime, capital gains realized upon a disposal of the shares of an Italian joint stock company by a corporate shareholder resident in Italy are 95% exempted, provided that the following requirements are met:

a) the participation has been held continuously from the first day of the 12th month prior to that of the disposal;

b) the participation was classified as a fixed financial asset in the first balance sheet closed after the acquisition (in the case of companies adopting IAS/IFRS, shareholdings are deemed to be fixed financial assets if they are not held for trading);

c) the subsidiary is resident in a 'white list' country; and

d) the subsidiary carries on a commercial activity.

The last two conditions must have been met since the beginning of the third year preceding the year of the disposal and, in the case of shares held in a holding company, they should be tested with reference to its subsidiaries. Where one of these conditions above is not met, capital gains are fully taxable at the ordinary rate of 27.5%.

The same tax regime applies to capital gains realized by a non-Italian resident corporate shareholder upon a disposal of shares held through a permanent establishment in Italy (i.e. shares are effectively connected with the permanent establishment).

Shareholders not resident in Italy

Capital gains realized by non-Italian resident corporate shareholders (who do not carry on business in Italy through a permanent establishment situated therein) on sales of shares are subject to the following tax treatment:

- capital gains realized through the sale of a non-substantial participation in companies listed on non-regulated stock markets (according to Italian law, the Hong Kong Stock Exchange is a non-regulated stock market) are fully (i.e. 100%) subject to a 12.5% substitute tax. In this case, the taxpayer is required to file a tax return in Italy. A full exemption applies to corporate shareholders resident in jurisdictions which allow the exchange of information with Italy (Hong Kong is not currently among these jurisdictions). **Corporate Shareholders resident in Hong Kong will therefore be subject to capital gains tax**;

- 50.28% of capital gains realized through the sale of a substantial participation in all companies i.e. not listed, listed on a non-regulated stock market or listed on a regulated stock market (according to Italian law , the Hong Kong Stock Exchange is a non-regulated stock market) are exempt from tax. The remaining 49.72% of the capital gains are taxable at the ordinary rate of 27.5%. In this case, the taxpayer is required to file a tax return in Italy; and

- capital gains realized through the sale of a non-substantial participation in companies listed on regulated stock markets (according to Italian law, the Hong Kong Stock Exchange is a non-regulated stock market) are not regarded as Italian-sourced income (i.e. they are not subject to tax in Italy).

A participation is considered to be 'substantial' when it entitles the holder to (i) more than 2% of the voting rights or more than 5% of the capital in companies listed on regulated stock markets (according to Italian law), or (ii) more than 20% of the voting rights or more than 25% of the capital in other companies, including companies listed on non-regulated stock markets (according to Italian law). On the assumption that the Hong Kong Stock Exchange is not a regulated stock market for this purpose, the thresholds of 20% and 25% would apply before a participation is considered to be 'substantial'. **Since we currently have only ordinary shares in issue, the relevant threshold for determining if a participation being sold is 'substantial' or 'non-substantial' is whether the sale is of more than 20% of voting rights in our Company.** For the purpose of this computation, all the disposals of our Shares that occurred within a 12-month period should be aggregated.

The amount of tax due in Italy may be reduced or eliminated pursuant to any applicable double taxation convention.

Procedure for payment of capital gains tax

Please note that the following is a non-exhaustive summary of the main tax requirements for non-Italian resident shareholders with regard to capital gains taxable in Italy that are realized through the sale of a non-substantial participation in our Company. The Italian Revenue Agency's website contains a special section in English for non-resident taxpayers (http://www1.agenziaentrate.gov.it/inglese/) which provides general information. We recommend that prospective shareholders who are liable to tax in Italy on capital gains realized through the sale of a non-substantial participation in our Company should consult an advisor who specializes in tax compliance issues for non-Italian resident taxpayers.

For Italian tax purposes, capital gains on shares issued by Italian-resident companies such as our Company, as a general rule, are deemed to be sourced in Italy. A capital gain is equal to the difference between: (a) the sale price, less

the costs directly attributable to the sale; and (b) the tax basis (normally the purchase price, increased by the directly attributable costs of the purchase) of the participation. **Accordingly, shareholders must keep the relevant documentation such as the documentation relating to the amount paid for the purchase of our Shares.** If the taxpayer fails to do so, the Italian Revenue Agency could argue that the whole amount of proceeds deriving from the sale must be treated as capital gain.

In order to compute the capital gain, both the proceeds deriving from the sale (i.e. the sale price) and any cost borne by the taxpayer (including the purchase price of our Shares) must be converted into Euro: (a) at the exchange rate on the day on which the amount is received/paid by the taxpayer; or (b) in the absence, the exchange rate of the closest preceding day; or (c) in the absence, the average exchange rate for the month in which the amount is received/paid by the taxpayer. The daily exchange rates are those published in the Italian Official Gazette and they are also available on the website of Bank of Italy (*Banca d'Italia*) (http://uif.bancaditalia.it/UICFEWebroot/).

In order to comply with the obligations imposed under Italian law, a non-Italian resident shareholder (with no permanent establishment in Italy) must:

(i) **Apply for an Italian Tax Identification Code ("*Codice Fiscale*")**. An Italian *Codice Fiscale* may be obtained through the local Italian Consulate (e.g. in Hong Kong).

(ii) **File the proper tax return**. In this respect, please note that:

(a) there are specific tax return forms for both non-Italian resident individuals (the "*MODELLO UNICO PERSONE FISICHE*") and non-Italian resident companies (the "*MODELLO UNICO ENTI NON COMMERCIALI ED EQUIPARATI*"). A new version of the tax return forms is issued every year by the Italian Revenue Agency;

(b) the tax return form can be downloaded from the Italian Revenue Agency website. Guidelines for filling in the tax return are also available on the same website. Both the tax return forms and the relevant guidelines are not currently available in English. However, our Company intends to produce a booklet (in English and Chinese) for Shareholders, which will be available on the Company's website as soon as practicable after Listing. The booklet will contain a sample of the tax return form and explain the steps that need to be taken to file the proper tax return before the deadline set out in paragraph (iii) below;

(c) the tax return form can be completed:

I. by the taxpayer, by filling in a printed paper version of the tax return form by hand;

II. by the taxpayer, by filling in an electronic version of the tax return form using special software provided by the Italian Revenue Agency. In order to file a tax return electronically using this software, the taxpayer is first required to obtain a special PIN code from the Italian Revenue Agency (that is different to the *Codice Fiscale* mentioned above). Guidelines on how to obtain the PIN code are available on the Italian Revenue Agency website (in Italian only) and will be available in the booklet mentioned in paragraph (ii)(b) above; or

III. by an Italian authorized intermediary (e.g. a Chartered Tax Advisor), if consulted by the taxpayer.

(iii) **Submit the tax return before the deadline**. In this respect, please note that:

(a) with regard to non-Italian resident individuals:

I. **By post**: the taxpayer may submit the tax return through a Post Office in Italy (i.e. by handing in the form in person at an Italian Post Office) or, alternatively, by post from overseas. When posting from overseas, the completed tax return must be placed unfolded in an ordinary envelope. The envelope must be sent by registered post or by other equivalent means from abroad clearly showing the date of dispatch. The tax return must be filed by:

- June 30 of the tax period following the one in which the capital gain is realized if the tax return is submitted through an Italian post office in Italy; or

- September 30 of the tax period following the one in which the capital gain is realized if the tax return is posted from abroad; or

II. **Electronic submission**: the taxpayer may file the tax return electronically by using the special software provided by the Italian Revenue Agency. In this case, the tax return must be filed by September 30 of the tax period following the one in which the capital gain is realized; or

III. **Via an Italian authorized intermediary**: the tax return may be filed by an Italian authorized intermediary on behalf of the taxpayer. In this case, the tax return must be filed by September 30 of the tax period following the one in which the capital gain is realized.

Please note that for individuals the tax period coincides with the calendar year (i.e. January 1 to December 31); and

(b) with regard to non-Italian resident companies, the tax return must be filed by the last day of the ninth month following the end of the relevant company's fiscal year in which the capital gain is realized.

Please note that all of the above deadlines may be subject to amendment from time to time. Updated information will be available (in Italian) on the Italian Revenue Agency's website at www.agenziaentrate.gov.it and will be made available to Shareholders via an updated version of the booklet mentioned in paragraph (ii)(b) above.

(iv) **Pay the tax due within the deadline**. In this respect, please note that:

(a) with regard to **non-Italian resident individuals**: ordinarily, the payment must be made by June 16 (or within the following 30 days with an additional levy equal to 0.4% of the tax due) of the tax year following the one in which the capital gain is realized; and

(b) with regard to **non-Italian resident companies**: ordinarily, the payment must be made by the 16th day of the 6th month following the closing of the fiscal year in which the capital gain is realized. The payment may also be made within the following 30 days with an additional levy of 0.4% of the tax due.

Prospective investors should note, therefore, that payment is due before the deadline for filing the tax return. Please note that all of the above deadlines may be subject to amendment from time to time.

(v) **Methods of paying the tax**. Payment of capital gains tax can be made as follows:

(a) through the internet (F24 Online, which is available to taxpayers who have already obtained a PIN Code and have a bank account with an Italian authorized bank or post office (*Poste Italiane Spa*));

(b) through an Italian bank via internet banking (for taxpayers having a bank account in Italy with a bank that offers internet banking facilities enabling tax payments); or

(c) by arrangement with an Italian correspondent bank via a specific wire transfer. This procedure should be pre-agreed with the local and Italian correspondent bank in order to avoid delays in payment.

Payment by cheque is not permitted. In addition, please note that capital gains tax must be paid in Euro.

If a non-Italian resident taxpayer fails to submit the tax return, the following penalties will apply (in addition to any tax unpaid and interest accrued):

(i) a penalty ranging from 120% to 240% of the amount of taxes due (with a minimum penalty of € 258); or

(ii) a penalty ranging from € 258 to € 1,032 if taxes are not due (e.g. capital gains realized that are offset by capital losses realized in the same tax year).

In the case of tax assessment, the above penalties are reduced to one-third if the taxpayer pays the whole amount due within 60 days from the tax assessment notice.

Omitted, insufficient or late payment of taxes declared in the tax return is punishable by a penalty of 30% of the unpaid amount or the late payment amount. This penalty will be reduced to 10% (one-third) if the amount due is paid within 30 days from receipt of an automated irregularity notice or 20% (two-thirds) if the amount due is paid within 30 days from receipt of the result of a formal check of the tax return.

The taxpayer may indicate in the tax return an overseas address for tax notification purposes.