Set out below is a summary of certain provisions of our Articles and By-Laws, the ABCA, the governing corporate law of our Company, and a brief summary of certain laws and policies in the province of Alberta and Canada that may be relevant to investors. Appendix V also contains a description of shareholder protection matters that are not at least equivalent to or broadly commensurate with those afforded to shareholders of companies incorporated in Hong Kong in effect as of the date of this Prospectus.

GENERAL

We were incorporated as a corporation in Alberta, Canada with limited liability on 22 February 2007 under the ABCA. Our Company's constitutional documents consist of our Articles and By-Laws. Our Articles and By-Laws can be accessed at our website at **www.sunshineoilsands.com** and the website of the Stock Exchange at **www.hkexnews.hk**. A copy of our Articles and By-Laws is available on request. The summary below refers to our Articles and By-Laws effective as at the Listing Date.

SHARE CAPITAL

The rights and restrictions attaching to our Shares, Class G Shares and Class H Shares are detailed in our Articles and our By-Laws, the ABCA and its regulations. There are no restrictions on the number of members we may have, or on the number of invitations we may make to the public to subscribe for our Shares. Set out below is a summary of some material attributes of our share capital.

Common Shares

We are authorised to issue an unlimited number of Common Shares. Holders of Shares and Class B Shares are entitled to receive notice of, and to attend, all meetings of common shareholders, except meetings at which only holders of a specified class or series of shares are entitled to vote, and to one vote per share held. Holders of Common Shares are also entitled to receive dividends as declared by the Directors on the Common Shares, payable in whole or in part as a stock dividend, in fully paid and non-assessable Common Shares, or by the payment of cash. They may also receive the remaining property of our Company upon dissolution in equal rank with the holders of all other Common Shares.

Holders of Class B Shares have a right to vote at any meeting of the Shareholders of our Company and are entitled to receive dividends as declared by the Directors of our Company. Holders of Class B Shares also have an equal right to receive the remaining property of our Company upon dissolution (voluntary or involuntary).

As at the Latest Practicable Date, there were 1,759,427,440 Shares and 144,628,100 Class B Shares issued and outstanding.

Preferred Shares

We are authorised to issue an unlimited number of Class G Shares and Class H Shares (collectively, the "**Preferred Shares**") to eligible persons, namely, our directors, officers, employees,

consultants or advisers. The holders of Preferred Shares are entitled to receive dividends as declared by the Directors in a given year. Class G Shares formerly carried a voting right, but Class H Shares are non-voting. At the annual general meeting of our Company held on 26 January 2012, the voting right granted to the Class G Shares was revoked by an amendment made to the Articles by a resolution of the Shareholders, which was approved by both the Shareholders and the holders of Class G Shares. The Preferred Shares carry both redemption and retraction rights and are convertible, at the option of the holders, into Common Shares as per a conversion schedule. Notwithstanding the above, the Preferred Shares shall be automatically converted into Common Shares of our Company on the date that is the earlier of:

- the date that is 24 months after the date we complete the Listing;
- the date upon which a change of control of our Company occurs; and
- in the event that the Listing does not occur by the end of 2011, on 31 December 2013.

As at the Latest Practicable Date, there were 86,340,000 Preferred Shares, comprising 64,140,000 Class G Shares and 22,200,000 Class H Shares, issued and outstanding.

Options

We have the Pre-IPO Share Option Schemes, in place, through which we encourage the maximisation of Shareholder value by granting options to purchase Shares to our Directors, officers, employees and consultants. Pursuant to the Pre-IPO Share Option Schemes, we have awarded Share options to various individuals relative to their position and performance in amounts that is considered competitive within the industry. The objectives of the Pre-IPO Share Option Schemes are to advance our interests and to reward, retain and align the interests of key individuals with that of our Company and its Shareholders.

As at the Latest Practicable Date, there were 204,383,800 Share options issued and outstanding pursuant to the Pre-IPO Share Option Schemes. For further details, please refer to the section entitled "Statutory and General Information — D. Pre-IPO Share Option Schemes" in Appendix VI to this Prospectus.

SUMMARY OF KEY ALBERTA CORPORATE LAWS, OUR ARTICLES AND BY-LAWS

Amendments to our Articles and By-Laws were adopted by special resolution on 26 January 2012 and will become effective immediately prior to Listing. The following is a summary of some key provisions of the ABCA, our Articles and By-Laws.

Objects

We do not have an objects clause in our Articles because an Alberta company, unlike companies incorporated under the laws of Hong Kong, is not required to have an objects clause. Pursuant to section 16 of the ABCA, we have the capacity and, subject to the ABCA, the rights, powers and privileges of a natural person.

Voting Rights

Each shareholder entitled to vote may vote in person or by proxy, attorney or representative of a body corporate at a general meeting. On a show of hands, and unless a poll vote is requested or required, every person present who is a shareholder or a proxy, attorney or representative of a shareholder holding a share carrying the right to vote, has one vote. In compliance with Rule 13.39(4) of the Listing Rules, we have undertaken to the Stock Exchange that any vote of our Shareholders at a general meeting will be taken by way of a poll.

Dividends

Subject to the ABCA, the Directors may from time to time declare and authorise payment of such dividends as they may deem advisable, including the amount thereof and time and method of payment, provided that the record date for the purpose of determining shareholders entitled to receive payment of the dividend must not precede the date on which the dividend is to be paid by more than 50 days.

We may pay a dividend by issuing fully paid shares or in money or property. No dividend may be declared or paid if there are reasonable grounds for believing that (a) we are, or would after the payment be, unable to pay our liabilities as they become due, or (b) the realisable value of our assets would thereby be less than the aggregate of our liabilities and stated capital of all classes.

Under our By-Laws, if a dividend is payable in money, we shall pay the same by cheque sent to each registered Shareholder of the class in respect of which we have declared a dividend. The cheque shall be mailed to the registered Shareholder by prepaid ordinary mail and the mailing of such cheque will, to the extent of the sum represented by the cheque (plus the amount of the tax required by law to be deducted), discharge all liability for the dividend unless such cheque is not paid on presentation or the amount of tax so deducted is not paid to the appropriate taxing authority.

There is no provision in our Articles and By-Laws, or the ABCA, that specifies the time limit upon which a Shareholder's entitlement to a dividend lapses or the party in whose favour the lapse operates. In Alberta, the treatment of unclaimed dividends is governed by the UPPVP Act and the associated regulations which provide that a security is presumed to be abandoned five years from the date on which a dividend or other distribution is unclaimed by the apparent owner. The property is then held in trust by the minister under the UPPVP Act for a period of 10 years, during which time the owner of such property is able to make a claim for the return of such property under the UPPVP Act. After such period, the property will vest in the Crown in right of Alberta.

Liquidation and Dissolution

The terms "liquidation" and "winding-up" are used interchangeably to refer to the collection of a company's property and funds, the conversion of that property into cash, and the distribution of the cash and unconvertible property to creditors in an effort to discharge all of a company's debts in anticipation of its dissolution. Although companies are required to cease business during liquidation,

legally they still exist and, in Alberta, companies can sue and be sued during liquidation as at any other time. "Dissolution" on the other hand refers to the termination of a company's legal existence after it has been wound-up.

In Alberta, we can be liquidated and dissolved in three ways: i) voluntarily, ii) by the registrar, and iii) by order of the court. Court-ordered wind-ups and dissolutions are usually ordered in the context of a dispute and/or as a remedy for oppressive conduct. Dissolution by the registrar is used in situations where companies are not conducting business for a length of time or are in violation of certain filing requirements under the ABCA.

The ABCA provides detailed rules on voluntary liquidation and dissolution of a company. They are summarised below:

(1) Companies that do not have to undergo a liquidation process, or those that can be simply liquidated:

- Where a company has no property and no liabilities, and has not issued any shares, it can be dissolved at any time by a resolution of all of its directors.
- Companies that have no property and no liabilities but have issued shares can be dissolved by special resolutions passed by a majority of not less than two-third (2/3rd) of the shareholders in each class of shareholders, whether or not each class is normally entitled to vote.
- Where a company's liabilities have been fully assumed by its parent company, it may be dissolved by special resolutions passed by a majority of not less than two-thirds of the shareholders in each class of shareholders, whether or not each class is normally entitled to vote, subject to the following conditions: first, the parent company must be a Canadian company; second, the parent company must own not less than ninety percent (90%) of the shares of the company; third, an officer of the parent must provide a statutory declaration that the liabilities of the company have been fully assumed by the parent company.
- If a company has issued shares and has property or liabilities, or both, it may dissolve by having each class of shareholders, whether or not entitled to vote, pass a special resolution authorising the directors to cause the company to distribute all its property and discharge all its liabilities.

(2) Companies that require a more onerous liquidation process:

- The directors or a voting shareholder of a company may make a proposal for voluntary liquidation and dissolution. The notice of any meeting at which the proposal is to be made must set out the terms of the liquidation and dissolution process. The prerequisite authority for liquidation and dissolution is the same as above namely, passage of a special resolution by a majority of not less than two-third (2/3) of the shareholders in each class of shareholders, whether or not each class is normally entitled to vote.

- Once all required resolutions have been passed, the company must send a statement of intent to dissolve to the registrar. Upon receipt of such statement, the registrar issues a certificate of intent to dissolve. Once this certificate is issued, the company must immediately cease all business except to the extent necessary for the liquidation. This includes all share transfers, undertakings, and alterations to shareholder status. The legal existence of the company, however, continues.

- The company must immediately deliver notice of the issuance of the certificate of intent to dissolve to all its creditors and publish similar notice in the Alberta Gazette (or the registrar's periodical) and in a newspaper published or distributed where the company has its head office.

- The company may then proceed with its liquidation: collecting its property, converting what property it can into money, discharging all of its obligations, and distributing its remaining property and money to its shareholders according to their rights.

- Once the company has complied with the notice and liquidation requirements, it can send the articles of dissolution to the registrar. The registrar will then issue a certificate of dissolution.

- The registrar or any "interested person" may, at any time during the liquidation of a company, apply to the court for an order that the liquidation be continued under the supervision of the court. The application must state the reasons, verified by an affidavit, as to why the court should supervise the liquidation and dissolution process. If the court grants the application, the liquidation and dissolution thereafter continues under the supervision of the court.

- Under the ABCA, an "interested person" means a shareholder, a director, an officer, an employee or a creditor of a dissolved company, a person who has a contractual relationship with a dissolved company, a trustee in bankruptcy for a dissolved company or a person designated as an interested person by court order.

Transfer of Shares

Our By-Laws provide that, subject to the provisions of the ABCA, no transfer of shares shall be registered in a securities register except upon presentation of the certificate representing such share with an endorsement made thereon or delivered therewith duly executed by the appropriate person as provided under the ABCA, together with such reasonable assurance that the endorsement is genuine and effective as the Directors may from time to time prescribe, upon payment of all applicable taxes and any reasonable fees prescribed by the Directors (not exceeding the maximum amount permitted pursuant to applicable laws or rules of the Stock Exchange), and upon compliance with such restrictions on transfer as are authorised by the Articles. Except where required or permitted by law, there is no restriction on the transfer of our Shares in our Articles and By-Laws (as will be amended prior to Listing).

Amendments to Our Articles and By-Laws

Under the ABCA, any changes to our Articles, including changes to our authorised share structure, name, special rights and restrictions attaching to shares and corporate powers, require approval by a special resolution. Special resolutions are passed by no less than a two-thirds majority vote of Shareholders at a special meeting of Shareholders of which no less than 21 days' notice has been given. In addition, in certain prescribed circumstances, the ABCA requires that holders of different classes or series of shares of a company be permitted to vote separately as a class or series in respect of a proposal to amend a company's articles, in which case each class or series must approve the special resolution.

Under the ABCA, changes to our By-Laws require approval by an ordinary resolution. Our Articles will be amended prior to Listing to provide that any amendments to the By-Laws may only be made by way of a special resolution requiring a two-thirds majority.

Variation of Rights

Under the ABCA, any change in the designation of shares, or the addition, change, or removal of any rights, privileges, restrictions, and conditions attaching to shares must be effected by a special resolution of the shareholders. In addition to the special resolution of the shareholders, the holders of shares of a class or of a series are entitled to vote separately as a class or series on a proposal to amend the articles or by-laws that purports to affect the shares of that class or series. The holders of a series of shares of a class are entitled to vote separately as a series only if the series is affected by an amendment in a manner different from other shares of the same class.

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

- expressly provided by the terms of issue of the first-mentioned shares; or
- required or permitted by the ABCA.

Borrowing Powers

Pursuant to the ABCA, we, if authorised by the Directors, may from time to time:

- borrow money upon the credit of our Company;
- issue, reissue, sell or pledge bonds, debentures, notes or other evidence of indebtedness of our Company, whether secured or unsecured;
- give a guarantee on behalf of our Company to secure a performance of an obligation of any person; and
- mortgage, hypothecate, pledge or otherwise create a security interest in all or any of our property, owned or substantially acquired, to secure the payment of any obligation, or evidence of indebtedness, or guarantee of our Company.

In addition, unless our Articles or By-Laws provide otherwise, the Directors may, by resolution, delegate any or all of these powers to one of our Directors, a committee of Directors, or one of our officers.

Issue of Common Shares

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares but subject to the ABCA, our unissued share capital is under the control of the Directors. Our Directors may issue all or any of our unissued share capital to such persons, at such times, and on such terms and conditions and, for the issue prices (including any premium at which shares with par value may be issued) that the Directors may determine. However, a share shall not be issued until the consideration for the share is fully paid in money or in property or past service that is not less than in value than the fair equivalent of the money that we would have received if the share had been issued for money.

Remuneration of Directors

During the financial year ended 31 December 2010, our Directors earned compensation of C$2,826,667. The Chairmen of the committees of the Board of Directors (other than the audit committee) were paid no annual fee and the Chairmen of the compensation committee was paid no annual fee. In addition, the other Directors serving on the compensation committee received no annual fee. Directors serving on any other committee of the Board received no annual fee. Our Directors are entitled to reimbursement for out-of-pocket expenses for attendance at meetings of the Board and any committees of the Board.

The Directors are entitled to the remuneration for acting as Directors, if any, as the Directors may from time to time determine. If the Directors so decide, the remuneration of the Directors, if any, will be determined by the Shareholders. That remuneration may be, in addition to any salary or other remuneration, paid to any officer or employee of our Company as such, who is also a Director.

If any Director who is not an employee or officer performs any professional or other services for us that, in the opinion of the Directors, are beyond the ordinary duties of a Director who is not an employee or officer, or if any Director who is not an employee or officer is otherwise specially occupied in or about our business, he or she may be paid remuneration fixed by the Directors by ordinary resolution, and such remuneration may be either in addition to, or in substitution for, any other remuneration that he or she may be entitled to receive.

We shall comply with the prohibitions contained in section 157H of the Companies Ordinance in relation to loans to Directors, subject to the exceptions contained in section 157HA of the Companies Ordinance.

We shall not make any payment to any Director or past Director by way of compensation for loss of office, or as consideration for, or in connection with, his retirement from office, without particulars with respect to the proposed payment (including the amount thereof) being disclosed to the Shareholders and the proposal being approved by ordinary resolution at a general meeting.

Indemnification

The ABCA provides that except in respect of an action by or on behalf of our Company to procure a judgment in our favour, we may indemnify a Director or officer of our Company, a former Director or officer of our Company or a person who acts or acted at our request as a Director or officer of a body corporate of which we are or were a shareholder or creditor, and the Director's or officer's heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the Director or officer in respect of any civil, criminal or administrative action or proceeding to which the Director or officer is made a party by reason of being or having been a Director or officer of our Company or body corporate, if (a) the Director or officer acted honestly and in good faith with a view to the best interests of our Company, and (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the Director or officer had reasonable grounds for believing that the Director's or officer's conduct was lawful.

We may with the approval of the Court, indemnify a person referred above in respect of an action by or on behalf of our Company or body corporate to procure a judgment in its favour, to which the person is made a party by reason of being or having been a Director or an officer of our Company or body corporate, against all costs, charges and expenses reasonably incurred by the person in connection with the action if the person fulfils the conditions set out above.

A person referred to above is entitled to indemnity from our Company in respect of all costs, charges and expenses reasonably incurred by the person in connection with the defence of any civil, criminal or administrative action or proceeding to which the person is made a party by reason of being or having been a Director or officer of our Company or body corporate, if the person seeking indemnity (a) was substantially successful on the merits in the person's defence of the action or proceeding, (b) fulfils the conditions set out above, and (c) is fairly and reasonably entitled to indemnity.

Pensions and Gratuities for Directors

We do not currently pay any gratuity or pension or allowance on retirement to any Director who has held any salaried office with our Company, or to his or her spouse or dependants, nor do we make any contributions to any fund or pay any premiums for the purchase or provision of any such gratuity, pension or allowance.

Disclosure of Directors' Interests

A Director or an officer of our Company who:

- is a party to a material contract or material transaction or proposed material contract or proposed material transaction with our Company; or
- is a Director or an officer of, or has a material interest in any person who is a party to a material contract or material transaction, or proposed material contract or proposed material transaction with our Company,

is required to disclose in writing to our Company or requested to have entered in the minutes of meetings of Directors, the nature and extent of such Directors' or officers' interest, in the manner required by the ABCA.

The ABCA also prohibits Directors from voting on matters relating to such disclosed interests in certain circumstances.

If a Director or officer fails to comply with the requirements to disclose their interests or abstain from voting as described above, subject to certain exemptions, a Court may set aside the material contract or material transaction on any terms that it thinks fit, or require the Director or officer to account to our Company for any profit or gain realised on it, or both.

If a material contract or material transaction is made between our Company and one or more of its Directors or officers, or between our Company and another person of which the Director or officer is a director or officer or in which the Director or officer has a material interest, (a) the contract or transaction is neither void nor voidable by reason only of that relationship, or by reason that a Director with an interest in the contract or transaction is present at or is counted to determine the presence of a quorum at the meeting of Directors or Committee of Directors that authorised the contract or transaction, and (b) a Director or officer or former director or officer of our Company to whom a profit accrues as a result of the making of the contract or transactions is not liable to account to our Company for that profit by reason only of holding office as a Director or officer, if the Director or officer disclosed the Directors' or officers' interest in accordance with the ABCA and the contract or transaction was approved by the Directors or the Shareholders and it was reasonable and fair of our Company at the time it was approved.

Even if the above conditions are met, a Director or officer acting honestly and in good faith is not accountable to our Company or to its Shareholders for any profit realised from a material contract or material transaction for which disclosure is required and the material contract or material transaction is not void or voidable by reason only of the interest of the Director or officer in the material contract or material transaction if (a) the material contact or material transaction was approved or confirmed by special resolution at a meeting of the Shareholders; (b) disclosure of the interest was made to the Shareholders in a manner sufficient to indicate the nature before the material contract or material transaction was approved or confirmed; and (c) the material contract or material transaction was reasonable and fair to our Company when it was approved or confirmed.

Restrictions on Directors' Voting

A Director required to disclose interests as noted above shall not vote on any resolution to approve the contract or transaction unless the contract or transaction is (a) an arrangement by way of security for money lent to or obligations undertaken by the Director, or by a body corporate in which the Director has an interest, for the benefit of our Company or an affiliate; (b) a contract or transaction relating primarily to the Director's remuneration as a director, officer, employee or agent of our Company or an affiliate; (c) a contract or transaction for indemnity or insurance permitted under the

ABCA; or (d) a contract or transaction with an affiliate. A Director who holds a disclosable interest in a contract or transaction into which our Company has entered or proposes to enter and who is present at the meeting of directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting.

A situation where all Directors have a disclosable interest is extremely rare but could arise for example, if we ever issue shares to all Directors outside the scope of their remuneration. In this circumstance, all the Directors would declare their interest in the transaction (with such declaration being noted in the minutes or consent resolution) and would then vote on the matter. Additionally, the Directors are subject to their overriding duties to act in the best interests of our Company.

Number of Directors

Our Articles provide that the number of Directors will be a minimum of one Director and, upon the filing of the amendment of our Articles prior to Listing, a maximum of fifteen Directors. The number of Directors is fixed by ordinary resolution. The incumbent Directors may, between annual meetings of Shareholders, appoint one or more additional Directors up to a maximum of one-third of the Directors elected by the Shareholders at the last meeting of Shareholders at which an election of Directors took place. All Directors must be individuals. At least one-quarter of the Directors must be resident Canadians. A Director is not required to hold Shares issued by our Company.

Directors' Term of Office

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

General Meetings

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

The Directors may, whenever and wherever they think fit, call a Shareholders' meeting. Our By-Laws provide that if we hold a Shareholders meeting, at least 21 days' and not more than 50 days' notice must be given to the Shareholders of such meeting.

Shareholders who hold in the aggregate at least 5% of the issued Shares that carry the right to vote at general meetings may requisition a meeting of Shareholders. If the Directors do not, within 21 days after the date on which the requisition is received by us, send notice of a general meeting, any registered or beneficial holder of Shares who signed the requisition may call the meeting.

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

Election of Directors

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

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

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

Categories of Shares

We have two categories of shares: Common Shares without par value and Preferred Shares without par value.

Within the category of Common Shares, our Company has Shares, Class B Shares, Class C Common Non-Voting Shares, Class D Common Non-Voting Shares, Class E Common Non-Voting Shares and Class F Common Non-Voting Shares authorised for issuance, each as so designated pursuant to our Articles as at the Listing Date. As of the Latest Practicable Date, we have 1,759,427,440 Shares and 144,628,100 Class B Shares issued and outstanding.

Within the category of Preferred Shares, our Company has Class G Shares and Class H Shares authorised for issuance. As of the Latest Practicable Date, we had Class G Shares and Class H Shares issued and outstanding.

For a description of the classes of shares, please refer to the section entitled "Statutory and General Information — A. Further Information About Our Group — 2. Share capital" in Appendix VI to this Prospectus.

Reduction of Capital

We may by special resolution reduce our stated capital for any purpose including, without limiting the generality of the foregoing, the purpose of (a) extinguishing or reducing a liability in respect of an amount unpaid on any share; (b) distributing to the holders of the issued shares of any class or series of shares an amount not exceeding the stated capital of the class or series; and (c) declaring its stated capital to be reduced by an amount that is not represented by realisable assets.

We shall not reduce our stated capital for any purpose, other than the purpose mentioned in (c) above, if there are reasonable grounds for believing that (a) we are, or would after the reduction be, unable to pay its liabilities as they become due, or (b) the realisable value of our assets would thereby be less than the aggregate of its liabilities.

Share Repurchases

Subject to the ABCA, we may purchase or otherwise acquire shares unless there are reasonable grounds for believing that (a) we are, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realisable value of our assets would after the payment be less than the aggregate of its liabilities and stated capital of all classes.

Subject to a limited number of exemptions, we must comply with a detailed body of rules with the intended purpose that all of our Shareholders are treated equally. For further details, and a summary of applicable Hong Kong requirements in relation to share repurchases, please refer to the section entitled "Statutory and General Information — A. Further Information About Our Group — 4. Repurchases of our own shares" in Appendix VI to this Prospectus.

Statutory Shareholders Remedies and Protection of Minority Shareholders

The ABCA provides shareholders, directors and officers, creditors, and other aggrieved parties with a broad range of remedies against the misconduct of a company. Under the ABCA, the following statutory remedies are available to shareholders, namely:

(a) leave from the court to bring a derivative action on behalf of a company or any of its subsidiaries;

(b) a court order that any act or omission of a company or any of its affiliates is oppressive, unfairly prejudicial, or unfairly disregards the interests of the complainant (defined below); and

(c) a court order directing an investigation to be made of a company and any of its affiliates.

Derivative Actions: A shareholder (present or former/registered or beneficial), director (present or former), creditor or any other person as the court determines (the "**Complainant**") may, with leave of a court of competent jurisdiction, prosecute a legal proceeding in the name and on behalf of the company for the purpose of prosecuting, defending, or discontinuing an action on behalf of the body corporate. A Complainant may also intervene in an existing action to which any such body corporate is a party.

With leave of a court of competent jurisdiction, a Complainant may, in the name and on behalf of the company, defend a legal proceeding brought against the company.

A court of competent jurisdiction may grant leave on terms it considers appropriate if:

- the Complainant has made reasonable efforts to cause the directors to prosecute or defend the legal proceeding;
- notice of the application for leave has been given to the company and any other person that the court may order;

- the Complainant is acting in good faith; and
- it appears to the court that it is in the best interests of the company for the legal proceeding to be prosecuted or defended.

Oppressive Actions: The ABCA provides that a court may make an order to rectify the matters complained of where a court is satisfied that, in respect of the company or any of its affiliates:

- any act or omission of the company or any of its affiliates effects a result,
- the business or affairs of the company or any of its affiliates are or have been carried on or conducted in a manner, or
- the powers of the directors of the company or any of its affiliates are or have been exercised in a manner,

that is oppressive or unfairly prejudicial to or that unfairly disregards the interests of any security holder, creditor, director or officer of the company.

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

- directing or prohibiting any act;
- an amendment of the company's articles of incorporation or by-laws;
- appointing a receiver or receiver manager;
- directing an issue or conversion or exchange of shares;
- appointing directors in place of or in addition to all or any of the directors then in office;
- directing the company to purchase some or all of the shares of a shareholder and, if required, to reduce its capital in the manner specified by the court, unless the company is insolvent or the purchase would render it insolvent;
- directing a shareholder to purchase some or all of the shares of any other shareholder;
- directing the company, unless the company is insolvent, or the payment would render it insolvent, or any other person, to pay to a shareholder all or any part of the money paid by that shareholder for shares of the company;
- varying or setting aside a transaction to which the company is a party and directing any party to the transaction to compensate any other party to the transaction;
- requiring the company, within a time specified by the court, to produce to the court or to an interested person financial statements or an accounting in any form the court may determine;

- directing the company, to compensate an aggrieved person;
- directing correction of the registers or other records of the company;
- directing that the company be liquidated and dissolved, and appointing one or more liquidators, with or without security;
- directing that an investigation be made under the ABCA;
- requiring the trial of any issue; or
- authorising or directing that legal proceedings be commenced in the name of the company against any person on the terms the court directs.

Investigation: Under relevant provisions of the ABCA, any shareholder of the company may apply to the court either *ex parte* or on any notice that the court may require for an order directing an investigation to be made of the company and any of its affiliated companies. If it appears to the court that there are sufficient grounds to conduct an investigation, the court is empowered, to order an investigation into the business or affairs of the company and any of its affiliated companies.

The court may make an investigation order if it appears to the court that there are sufficient grounds present to conduct an investigation to determine whether:

- the business of the company or any of its affiliates is or has been carried on with intent to defraud any person;
- the business or affairs of the company or any of its affiliates are or have been carried on or conducted, or the powers of the directors are or have been exercised, in a manner that is oppressive or unfairly prejudicial to or that unfairly disregards the interest of a security holder;
- the company or any of its affiliates was formed for a fraudulent or unlawful purpose or is to be dissolved for a fraudulent or unlawful purpose; or
- persons concerned with the formation, business, or affairs of the company or any of its affiliates have in that connection acted fraudulently or dishonestly.

Disposal of Assets

Under the ABCA, we may not sell, lease or otherwise dispose of all or substantially all of our assets and undertaking unless we do so in the ordinary course of our business or we have been authorised to do so by our Shareholders pursuant to a special resolution. Otherwise, there are no specific restrictions under the ABCA on the power of the Directors to dispose of our assets. Under the ABCA, in the exercise of those powers, the Directors must discharge their duties of care to act in good faith, for a proper purpose and in the best interests of our Company.

Accounting and Auditing Requirements

The ABCA requires that our financial statements, the auditor's report, and any further information respecting the financial position of our Company and the results of its operations be placed

before the annual meeting of shareholders. There is no requirement in the ABCA for the shareholders to approve the financial statements or the report of the auditor, however this is often done as a matter of practice.

Securities Registers

We must maintain, at a location designated by the Directors, a central securities register in which it registers the shares issued by our Company, all transfers of shares so issued and details of such issuances and transfers. Our Company may also maintain one or more branch registers at locations designated by the Directors. Our By-Laws provide that we shall maintain a branch register in Hong Kong on terms equivalent to that in Sections 98 and 99 of the Companies Ordinance at all times our securities may be listed on the Stock Exchange. Particulars of each issue or transfer of a share registered in a branch securities register must also be promptly registered in the central securities register.

Inspection of Books and Records

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

Special Resolutions

The ABCA provides that a resolution of a company is a special resolution when it has been passed by a majority of at least two-thirds of the votes cast on the resolution.

Subsidiary Owning Shares in Parent

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

Arrangements and Other Fundamental Corporate Transactions

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

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

Dissent and Appraisal Rights

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

- a resolution to alter the Articles, to add, change or remove any provisions restricting the issue or transfer of shares, to alter restrictions on the powers of our Company or on the business it is permitted to carry on;
- a resolution to adopt an amalgamation agreement or otherwise approve an amalgamation;
- a resolution to approve an arrangement, the terms of which arrangement permit dissent;
- a resolution to authorise or ratify the sale, lease or other disposition of all or substantially all of our Company's undertaking; or
- a resolution to authorise the continuation of our Company into a jurisdiction other than Alberta.

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

Stamp Duty on Transfers

No Canadian or Alberta stamp duty is payable on a transfer of shares of a company that is incorporated or continued in Alberta.

Purchase By Our Company of its Own Securities

The ABCA permits us to purchase our own Shares on such terms and at such times as may be determined by the Directors from time to time. We may purchase or otherwise acquire Shares unless there are reasonable grounds for believing that (a) we are, or would, after the payment, be unable to pay our liabilities as they become due; or (b) the realisable value of our assets would, after the payment, be less than the aggregate of its liabilities and stated capital of all classes. While such Share is held by us, it shall not vote those Shares unless it holds the Shares in the capacity of a legal representative and complies with section 153 of the ABCA respecting duties of a registered holder respecting voting instructions by beneficial holders.

Voting For Directors and Auditors

At the time of incorporation of an ABCA company, the incorporators file information relating to the first directors and these directors hold office as directors until the first meeting of shareholders. Thereafter, shareholders shall by ordinary resolution elect directors at the first and each subsequent annual meeting of the company. If the directors are not elected at a meeting of shareholders, the

incumbent directors will remain in office until new directors can be elected. If the shareholders fail to elect the number or minimum number of directors required by the articles, the directors elected at that meeting can proceed to exercise all the powers of the directors provided they have a quorum. In the event that a quorum is not obtained, the directors then in office shall forthwith call a special meeting of Shareholders to fill the vacancy or if there are no directors then in office, the meeting may be called by any Shareholder. On 26 January 2011, the Shareholders of our Company approved an amendment to our By-Laws that permits Directors to be voted for on an individual basis in compliance with the Companies Ordinance.

Under the ABCA, the directors may appoint an auditor to hold office until the first annual meeting of shareholders. However, an auditor should be appointed at the first meeting of shareholders following incorporation and, thereafter, at each annual meetings. The term of a company's auditor shall be until the close of the next annual meeting of shareholders, provided that if an auditor is not appointed at a meeting of shareholders, the auditor in office remains in office until a successor is appointed. The ABCA provides that the shareholders of a private company may resolve not to appoint an auditor. Such a resolution is valid only if the resolution is consented to by all shareholders, including shareholders not otherwise entitled to vote.

A company or a shareholder or director may apply to the Alberta courts to determine any controversy with respect to an election or appointment of a director or auditor of the company.

CERTAIN CANADIAN OVERSEAS OWNERSHIP RESTRICTIONS

The ICA generally prohibits a reviewable investment to be made by an entity that is a "non-Canadian", unless after review, the minister responsible for the ICA is satisfied that the investment is likely to be of net benefit to Canada.

An investment in the Shares by a non-Canadian who is not a "WTO investor" (which includes governments of, or individuals who are nationals of, member states of the World Trade Organisation (including Canada) and corporations and other entities which are controlled by them), at a time when our Company was not already controlled by a WTO investor, would be subject to a net benefit review under the ICA in two circumstances. First, if it was an investment to acquire control (within the meaning of the ICA, and as described below) and the value of our Company's assets, as determined under ICA regulations, was C$5 million or more. Second, the investment would also be reviewable if an order for review was made by the federal cabinet of the Canadian government on the grounds that the investment related to Canada's cultural heritage or national identity (as prescribed under the ICA), regardless of asset value.

An investment in the Shares by a WTO investor (or by a non-Canadian who is not a WTO investor at a time when our Company was already controlled by a WTO investor) would only be reviewable under the ICA if it was an investment to acquire control and the value of our Company's assets, as determined under ICA regulations, was not less than a specified amount, which for 2012 is C$330 million.

In addition to the foregoing circumstances, an investment would also be reviewable if an order for review is made by the federal cabinet of the Canadian government on the grounds that an investment by a non-Canadian could be injurious to national security.

As a result of legislative amendments not yet in force, the usual thresholds for review for direct acquisitions of Canadian businesses (other than acquisitions of cultural businesses) by foreign investors may change as of a date to be determined by the federal cabinet of the Canadian Government. At that time transactions will be reviewable only if the "enterprise value" of the assets of the Canadian business is equal to or greater than C$600 million, in the case of investments made during the first two years after the amendments come into force, which threshold would rise in accordance with the regulations.

The ICA provides detailed rules to determine if there has been an acquisition of control. For example, a non-Canadian would acquire control of our Company for the purposes of the ICA if the non-Canadian acquired a majority of the Shares. The acquisition of less than a majority, but one-third or more, of the Shares would be presumed to be an acquisition of control of our Company unless it could be established that, on the acquisition, our Company would not in fact be controlled by the acquirer. An acquisition of control for the purposes of the ICA could also occur as a result of the acquisition by a non-Canadian of all or substantially all of our Company's assets.

The Competition Act provides that certain substantial transactions among significant parties may not be consummated unless a pre-merger notification thereof is made to the Commissioner and a stipulated waiting period expires. Where the Commissioner believes that a proposed transaction does not give rise to competition concerns, he may issue an advance ruling certificate (an "**ARC**") that exempts the parties from the notification requirement and precludes the Commissioner from challenging the transaction in the future.

There are two thresholds that must be met in order for a transaction to be notifiable. The first threshold is the C$77 million "size of transaction" threshold. This threshold is set annually by the Canadian government and the 2012 threshold was recently published as C$77 million. If the book value of the assets in Canada of our Company, or the revenues generated from sales in or from Canada by our Company and its affiliates exceed C$77 million, the second C$400 million "size of the parties" threshold must also be considered. Assuming the first threshold is exceeded, if the book value of the assets in Canada or the revenues generated in, from and into Canada of the purchaser and its affiliates and our Company and its affiliates exceeds C$400 million, notification is required.

In connection with the Global Offering, if a person (or affiliated group of persons) acquires more than 20% of the shares pursuant to the Global Offering and the above mentioned thresholds are exceeded, Competition Act approval may be required.

If a transaction is subject to notification, the parties thereto are required to file prescribed information in respect of themselves, their affiliates and the proposed transaction and pay a prescribed filing fee. The parties may also apply for an ARC or a "no action letter" which may be issued by the

Commissioner in respect of a proposed transaction if she is satisfied that there are not sufficient grounds on which to apply to the Competition Tribunal for an order challenging the transaction at that time. As the Commissioner retains the right to challenge a transaction for up to three years after closing, the parties usually agree not to close until the Commissioner has completed her review and has issued either a no-action letter or an ARC. The Commissioner would likely only challenge a proposed transaction if the transaction prevents or lessens, or is likely to prevent or lessen, competition substantially in the market affected.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following discussion applies to a holder of Shares who, at all relevant times, for purposes of the ITA and any applicable income tax treaty or convention, is neither resident nor deemed to be resident in Canada, deals at arm's length and is not affiliated with us, holds the Shares as capital property, does not and is not deemed to use or hold the Shares in, or in the course of, carrying on a business in Canada, has not acquired the Shares in one or more transactions considered to be an adventure or concern in the nature of trade, does not hold Shares as part of the business property of a permanent establishment in Canada and is not a foreign affiliate of a taxpayer resident in Canada for the purposes of the ITA. In addition, this discussion does not apply to an insurer who carries on business in Canada and elsewhere, an "authorised foreign bank", a "financial institution", a "specified financial institution", or an entity or interest of which is a "tax shelter investment" (all as defined in the ITA).

This discussion is based on the facts set out in this Prospectus, the provisions of the ITA and the regulations thereunder (the "**Regulations**") in force on the date hereof and our Company's understanding of the current administrative policies of and assessing practices of the Canada Revenue Agency made publicly available prior to the date hereof. It also takes into account all specific proposals to amend the ITA and the Regulations publicly announced by or on behalf of the Canadian Minister of Finance prior to the date hereof. This discussion does not otherwise take into account or anticipate any changes in law or in the administrative policies or assessing practices of the CRA, whether by legislative, governmental or judicial action or decision, nor does it take into account any other federal, provincial or foreign income tax considerations, which may differ significantly from those discussed herein.

For the purposes of the ITA, each amount relating to the acquisition, holding or disposition of the Shares must be converted to Canadian dollars using the rate quoted by the Bank of Canada at noon on the particular day for the exchange of the particular currency to Canadian currency, or using such other rate that is, acceptable to the CRA, on the effective date that the amount first arose.

This discussion is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in the Shares. Moreover, the income or other tax consequences of acquiring, holding or disposing of Shares will vary depending on the holder's particular circumstances, including the jurisdiction or jurisdictions in which the holder resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any prospective purchaser of Shares.

Investors should consult their own tax advisers for advice with respect to the tax consequences of an investment in Shares based on their particular circumstances.

Dividends on Shares

Dividends paid or credited or deemed to be paid or credited on the shares to a Non-Resident Shareholder will be subject to a Canadian non-resident withholding tax at a rate of 25%. Such non-resident withholding tax may be reduced by virtue of the provisions of an applicable income tax treaty or convention between Canada and the country of which the Non-Resident Shareholder is a resident. Currently, there is no income tax treaty or convention in force between Canada and Hong Kong. Negotiations in respect of an income tax treaty between Canada and Hong Kong commenced the week of 27 June 2011.

A Non-Resident Shareholder that is entitled to a reduction in the rate of withholding tax will be required to furnish the Company with certain documentation in support of such reduced withholding rate. For Non-Resident Shareholders who hold the Shares through CCASS, it is our understanding that CCASS will not be able to provide any supporting documentation in respect of the beneficial holders of the Shares that are on deposit with CCASS and accordingly, such Non-Resident Shareholders will not be entitled to a reduction of the withholding tax at source. However, they may be entitled to obtain a refund from the Canadian taxing authority for any excess amount that may be withheld and remitted. Such persons should consult their own tax advisers with respect to the requirements and timelines applicable to obtaining such refunds.

Disposition of Shares

A Non-Resident Shareholder will not be subject to tax under the ITA in respect of any capital gain realised by such Shareholder on a disposition of Shares unless the Shares constitute "taxable Canadian property" (as defined in the ITA) of the Non-Resident Shareholder at the time of disposition and the Non-Resident Shareholder is not entitled to relief under an applicable income tax treaty or convention. As long as the Shares are listed on a designated stock exchange for the purposes of the ITA (which currently includes the Stock Exchange) at the time of disposition, the Shares generally will not constitute taxable Canadian property of a Non-Resident Shareholder, unless at any time during the 60 month period immediately preceding the disposition, (a) the Non-Resident Shareholder, persons with whom the Non-Resident Shareholder did not deal at arm's length, or the Non-Resident Shareholder together with all such persons, owned 25% or more of the issued shares of any class in the capital of our Company, and (b) more than 50% of the fair market value of the Shares was derived directly or indirectly from one or any combination of: (i) real or immovable property situated in Canada; (ii) Canadian resource properties; (iii) timber resource properties; and (iv) options in respect of, or interests in, or for civil law rights in, property described in any of (i) to (iii) above, whether or not the property exists. Furthermore, in certain circumstances where property was exchanged for or converted into Shares on a tax-deferred basis, the Shares may be deemed to be "taxable Canadian property." If the Shares constitute "taxable Canadian property" and no relief is available under an applicable income tax treaty or convention, then a Non-Resident Shareholder who is an individual and realises a capital gain on the disposition of Shares in a particular taxation year will generally be subject

to tax in Canada on such capital gain at graduated marginal tax rates based on the aggregate amount of income and gains on which such Non-Resident Shareholder may be subject to tax in Canada in that particular year. The highest marginal rate of tax payable on the capital gain for 2012 and thereafter is 21.46%. A capital gain realised by a Non-Resident Shareholder that is a corporation will generally be subject to a tax in Canada at the rate of 12.5% for 2012 and thereafter. The ITA contains various rules relating to the computation of capital gains and capital losses and the carrying forward and back of losses to offset capital gains realised by a taxpayer that are not discussed herein. Non-Resident Shareholders whose Shares may constitute taxable Canadian property should consult their own tax advisers.

Currently, there is no income tax treaty or convention in force between Canada and Hong Kong. Negotiations in respect of an income tax treaty between Canada and Hong Kong commenced in the week of 27 June 2011.

SHAREHOLDER PROTECTION MATTERS

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

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

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

Material Shareholder Protection Matters

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

Variation of class rights

The Joint Policy Statement requirement is that the rights attached to any class of shares of an overseas company may only be varied with the approval of members on terms comparable to those required of a Hong Kong incorporated public company (i.e. a three-quarter majority vote in general meeting subject to rights of members holding not less than 10% of the issued shares of that class to make a petition to the Court to have the variation cancelled). Alteration of class rights requires a special separate resolution by shareholders of that class under section 176 of the ABCA, as well as a special resolution of all shareholders pursuant to section 173 of the ABCA. The threshold for a special resolution in Canada is a two-thirds majority and therefore is not equivalent to the three-quarter majority required for a Hong Kong incorporated public company. However, as under the Joint Policy Statement, the ABCA requires an affirmative vote of more than a simple majority in order to approve a variation of class rights. There is no specific legislative right in Alberta to petition the Court in relation to a variation of class rights by special resolution. However, minority shareholders do have the ability to challenge an improper variation that is oppressive through the Alberta courts through statutory and common law oppression remedies.

Voluntary winding up

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

Notice of a special resolution

The Joint Policy Statement requirement is that overseas companies must ensure that any annual general meeting or any extraordinary general meeting at which a resolution that requires the approval of members by three-quarter majority vote shall be convened in at least 21 days' written notice; and that any other general meeting shall be convened on at least 14 days' notice. The ABCA specifies only a two-thirds majority. However, the notice period requirement for such two-third majority required for special resolutions of our Company is at least equivalent, or broadly commensurate, under Alberta law to that afforded to shareholders of companies incorporated in Hong Kong for resolutions requiring a three-quarters majority.

Change to constitutional documents

The Joint Policy Statement requirement is that for any change to an overseas company's constitutional document, however framed, there should be a general requirement for the company to obtain the approval of members on terms comparable to those required of a Hong Kong incorporated

public company (e.g. currently a three-quarter majority vote in general meeting is required). Changes to our Articles authorised share structure, name, special rights and restrictions attaching to shares and corporate powers all require approval by a special resolution, while amendments to its By-Laws only requires approval by an ordinary resolution. The ABCA specifies a two-thirds majority for special resolutions. We have amended our Articles to provide that any amendments to the By-Laws may only be made by way of a special resolution requiring a two-thirds majority.

Reduction of share capital

The Joint Policy Statement requirement is that any reduction of share capital in an overseas company must be subject to confirmation by the Court and be approved by members on terms comparable to those required of a Hong Kong incorporated public company (e.g. currently a three-quarter majority vote in general meeting is required). Under the ABCA, a company can reduce its share capital by special resolution (a two-thirds majority vote), unlike Hong Kong, which requires both special resolution and consent of the Court. Except where authorised by a court order, under the ABCA, a company may not reduce its share capital if there are reasonable grounds for believing that the company is, or would after the reduction be, unable to pay its liabilities as they become due or the realisable value of the company's assets would thereby be less than the aggregate of its liabilities.

Redemption of shares

The Joint Policy Statement requirement is that an overseas company may only redeem its shares out of distributable profits or fresh proceeds from a new issue of shares or under other circumstances comparable to those under which a Hong Kong incorporated public company may be allowed to make such redemption. The primary restriction on redemption of shares for an Alberta company is that redemption is not permitted if there are reasonable grounds for believing that the company is, or would after the reduction be, unable to pay its liabilities as they become due or the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and the amount that would be required to pay the holders of shares that have a right to be paid, on a redemption or liquidation, rateably with or prior to the holders of the shares to be purchased or redeemed.

Distribution of assets

The Joint Policy Statement requirement is that an overseas company may only distribute its assets to its members in circumstances comparable to those under which a Hong Kong incorporated public company may be allowed to make such distribution, that is, out of realised profits and if out of assets, the remaining net assets must not be less than the share capital plus undistributable reserves. The primary restriction on an Alberta company's ability to pay dividends is that the company may not declare or pay a dividend if there are reasonable grounds for believing that the company is, or would after the payment, be unable to pay its liabilities as they become due or the realisable value of the company's assets would after the payment be less than the aggregate of its liabilities.

There is no requirement that dividends have to be paid out of profits, as is the case in Hong Kong, although an Alberta company does have protections where such distributions would reduce the share capital of the company.

Appointment of Directors

The Joint Policy Statement requirements is that an overseas company must ensure that all appointments of directors are voted on individually. There is no statutory requirement for directors to be elected individually under the ABCA. We have amended our By-Laws to ensure that Directors are voted for on an individual basis in accordance with the Companies Ordinance requirements.

OTHER MATTERS

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

Loans to directors

The Joint Policy Statement requirement is that the circumstances under which an overseas company may make loans, including *quasi* loans and credit transactions, to a director must be confined to circumstances no less stringent than those permitted for a Hong Kong incorporated public company. Under the ABCA, there is no prohibition on giving financial assistance to directors, although disclosure is mandated under the ABCA except under limited circumstances. Under the ABCA, full details of any loans to directors must be disclosed to a company's shareholders within 90 days.

On 7 May 2007, our Company advanced a loan in the aggregate amount of C$200,000 to Mr. Songning Shen. This loan was repaid in full on 26 August 2008. Except as outlined above, our Company has never provided a loan to its Directors.

Financial assistance

The Joint Policy Statement requirement is that the circumstances under which an overseas company may give financial assistance for the acquisition of its own shares must be clearly stated. Financial assistance is defined under the ABCA to mean a loan, guarantee or otherwise. Under the ABCA, there is no prohibition on giving financial assistance to a person who is acquiring or proposing to acquire Shares of a company. Instead, the ABCA requires disclosure of financial assistance for this purpose. Under section 45 of the ABCA, a company is required to disclose to its shareholders all financial assistance which it has given to shareholders or directors of the company or an associate of such person unless the provision of such financial assistance: (a) is the company's ordinary business; (b) is provided to repay expenditures incurred on behalf of the company; (c) is provided to a subsidiary of the company or a holding company of the company; (d) is provided to employees of the company for the purpose of purchasing or erecting living accommodations or pursuant to a plan for the purchase of securities of the company to be held by a trustee; or (e) is provided and all of the shareholders of the company have unanimously consented to such assistance.

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

The Joint Policy Statement requirement is that any payment to a director or past director of an overseas company as compensation for loss of office or retirement from office is required to be approved by members of the company on terms comparable to those required of a Hong Kong incorporated public company (e.g. currently a majority vote in general meeting is required). Under the ABCA, subject to the articles, by-laws or any unanimous shareholder agreement of a company, the directors of a company may fix the remuneration of the directors, officers and employees of a company. This remuneration is required to be disclosed in prescribed form. Canadian takeover bid rules prohibit the payment of a collateral benefit to any person in connection with a bid for control of a company. Any payment by a bidder to a director or officer upon a change of control as compensation for loss of office where that payment was not previously approved by the board and the compensation committee could constitute a collateral benefit and would be prohibited. We have amended our By-Laws to ensure that payments by directors for loss of office or retirement from office are in accordance with the Companies Ordinance requirements.

NOTIFIABLE AND CONNECTED TRANSACTIONS

Notifiable Transactions

Under the ABCA, certain transactions require notifications to, and approval by, a company's Shareholders. These transactions include any amendments to the articles, amalgamations, plans of arrangement, disposal of all or substantially all of a Company's assets, continuances, dissolutions and liquidations.

Canadian securities law also prescribe disclosure requirements with respect to notifiable transactions. However, as our Company is not a reporting issuer in any of the jurisdictions in Canada, the Canadian securities law regime with respect to notifiable transactions does not currently apply to our Company.

Connected Party Transactions

The ABCA requires directors to disclose their interests on material contracts and transactions and subject to certain exceptions, abstain from voting on such matters. Although Canadian securities law imposes a comprehensive disclosure and shareholder approval regime with respect to connected and related party transactions, our Company is not a reporting issuer in any of the jurisdictions in Canada and, as such, the Canadian securities law regime with respect to connected party transactions does not apply to our Company.

GENERAL

McCarthy Tétrault LLP, our Company's legal counsel on Alberta law, has sent to us a letter of advice summarising certain aspects of Alberta law. This letter is available for inspection, as referred to in the section entitled "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix VII to this Prospectus. Any person wishing to receive a detailed summary of Alberta law or advice on the differences between it and the laws of any other jurisdiction is recommended to seek independent legal advice.