

## **BY-LAWS**

### **TITLE I**

#### **COMPANY NAME — PURPOSE —DURATION —REGISTERED OFFICE**

##### **Art. 1. COMPANY NAME**

1.1 A joint stock company has been incorporated under the name:

**“PRADA S.p.A.”**

##### **Art. 2. PURPOSES**

2.1 The Company’s main purposes will be the following activities:

- (a) the manufacture and wholesale, retail and mail order sale of leather goods, clothing, ready-to-wear, footwear and accessories of any kind and nature, including, without limitation, sporting goods, toiletries, cosmetics, perfumes, eyewear in general and optical instruments, jewellery and costume jewellery, faux design jewellery intended for the person and the house, watchmaking, trophies, household furnishings, household goods in general including mirrors, picture frames, chinaware and glassware, stationery, catalogues, magazines and publications in general, and gift items;
- (b) the study, design, planning and creation of original solutions for collections of leather goods, clothing, ready-to-wear, footwear and accessories, including, without limitation, sporting goods, toiletries, cosmetics, perfumes, eyewear in general and optical instruments, jewellery and costume jewellery, faux design jewellery intended for the person and the house, watchmaking, trophies, household furnishings, household goods in general including mirrors, picture frames, chinaware and glassware, stationery, catalogues, magazines and publications in general, gift items, as well as, without limitation, any product that may be related and/or complementary to fashion and/or connected with the art and style business in general;
- (c) the purchase, use and transfer, under any form whatsoever, of Italian and foreign trademarks; the provision of services and assistance for the best exploitation of the Company’s and third parties’ trademarks, licenses and patents;
- (d) the provision of business support services in connection with procurement and sales and the management of showrooms, marketing, advertising and public relations services, technical-commercial services, relating to the planning, construction and refurbishment of commercial and industrial premises, technical services related to the design, construction and installation of shop windows and exhibition stand prototypes, the direct and indirect management

of services relating to sports, cultural and artistic activities in general, services relating to the organisation of exhibitions and conventions, including on a turn-key basis, the direct or indirect management of catering services, services related to administrative management, personnel management, technical, IT, data research and data processing services, as well as all other activities functionally connected to the stated purposes, including the acquisition and concession of franchises.

2.2 The Company may also carry out, in the interest of its subsidiaries or affiliates, any activity connected with or incidental to its activities or those of the subsidiaries or affiliates. To this end the Company may, in particular:

- coordinate the managerial resources of its subsidiaries or affiliates, including through suitable training initiatives;
- coordinate the administrative and financial operations of its subsidiaries or affiliates, as well as perform all appropriate operations in their favour, including the provision of financing;
- provide other services in favour of its subsidiaries or affiliates in areas of specific business interest.

2.3 The Company may also carry out operations involving financial, movables, real estate and commercial transactions considered to be necessary by the board of directors or useful for the achievement of the Company's purposes; the Company may acquire, manage and dispose of shareholdings or interests in companies and enterprises of any kind, with similar or connected purposes and grant to third parties endorsements, suretyships and other guarantees, including security, as long as they are useful or necessary for the achievement of the Company's purposes.

2.4 The activities mentioned above shall be carried out within the limits and in accordance with the law applicable from time to time and, in particular, investment activities exercised *vis-à-vis* the public as well as the activities in general reserved by law to professional members enrolled in specific registers are excluded.

### **Art. 3. DURATION**

3.1 The duration of the Company is until 31 January 2100.

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

### **Art. 4. REGISTERED OFFICE**

4.1 The registered office of the Company will be in Milan, Italy.

4.2 The Company may open, change or close, establish or wind up branch offices, subsidiaries, representative offices, agencies and offices in general, in Italy and abroad.

#### **Art. 5. DOMICILE**

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

### **TITLE II**

#### **STOCK CAPITAL AND SHARES - BONDS - ALLOCATED ASSETS - LOANS - RIGHT TO WITHDRAW**

#### **Art. 6. STOCK CAPITAL AND SHARES**

- 6.1 The stock capital of the Company is EUR 255,882,400 (two hundred fifty five million eight hundred eighty-two thousand and four hundred) fully paid-up, represented by 2,558,824,000 (two billion five hundred fifty eight million eight hundred twenty four thousand) ordinary shares each with a nominal value of EUR 0.10 (ten cents).
- 6.2 The shares will be registered and every share entitles the holder to one vote.
- 6.3 The fact of being a shareholder in itself constitutes the agreement of each shareholder to be bound by these by-laws.

#### **Art. 7. BONDS**

- 7.1 The Company may issue convertible and non-convertible bonds within the limits established under Section 2412 of the Italian Civil Code.

#### **Art. 8. ALLOCATED ASSETS**

- 8.1 The Company may allocate certain assets to a specific business transaction pursuant to Sections 2447-*bis* and the following provisions of the Italian Civil Code.

#### **Art. 9. LOANS FROM SHAREHOLDERS**

- 9.1 The 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.

#### **Art. 10. RIGHT TO WITHDRAW**

- 10.1 The right to withdraw from the Company shall be regulated by the Italian Civil Code. The right to withdraw cannot be exercised by shareholders who do not vote in favour of resolutions that are passed regarding: (i) the extension of the Company's duration, or (ii) the introduction or removal of any burden relating to the circulation of the shares.

## **TITLE III**

### **SHAREHOLDERS' MEETINGS**

#### **Art. 11. AUTHORITY OF THE ORDINARY SHAREHOLDERS' MEETING**

- 11.1 The shareholders in an ordinary shareholders' meeting will resolve on matters that are reserved to them under applicable laws and regulations and these by-laws. In particular, the shareholders in an ordinary shareholders' meeting shall 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 the Company's shares within the limit set forth by art. 2357, first paragraph, of the Italian Civil Code 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;
  - (g) any other matters reserved to them by applicable laws and regulations, as well as any authorization required under these by-laws or by applicable laws and regulations for the performance of directors' actions.

#### **Art. 12. AUTHORITY OF THE EXTRAORDINARY SHAREHOLDERS' MEETING**

- 12.1 The shareholders in an extraordinary shareholders' meeting will resolve on the following matters:
- (a) any amendment to these 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 applicable laws and regulations.

#### **Art. 13. LOCATION AND FREQUENCY OF THE SHAREHOLDERS' MEETING**

- 13.1 The ordinary and extraordinary shareholders' general meetings will normally be held in

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

- 13.2 The ordinary shareholders' general meetings must be convened at least once a year for the approval of the financial statements, within one hundred and twenty days (120) after the end of the financial year, or within one hundred and eighty days (180) after the end of the financial year if the Company is required to draw up consolidated financial statements or, in any case, when it is required by the particular circumstances relating to the structure and purpose of the Company. No more than 15 months shall elapse in any case between the date of one such ordinary shareholders' general meeting and the next.

#### **Art. 14. CALL OF THE SHAREHOLDERS' MEETING**

- 14.1 An ordinary general shareholders' meeting may be called by the board of directors whenever it deems it appropriate and in the circumstances specified by applicable laws and regulations.
- 14.2 A shareholders' meeting may also be called when requested by shareholders representing at least one-twentieth of the share capital, provided the request mentions the item or items to be discussed at the meeting and save for the limits set out in the last paragraph of Section 2367 of the Italian Civil Code. If there is an unjustified delay in calling the meeting, action will be taken by the board of statutory auditors.
- 14.3 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 effects that this resolution might have on them as shareholders of the Company and whether these effects differ from those that might affect all other shareholders.
- 14.4 The notice of call must be published in accordance with the procedures provided by applicable Italian law at least thirty days before the date of the meeting on (i) at least one of the following newspapers: "Il Sole 24Ore", "Italia Oggi", "MF Milano Finanza" and (ii) on the Company's website.

The notice periods mentioned above under letter (a) shall be extended to the fortieth day before the date of the meeting for those meetings providing for the appointment of directors and statutory auditors, and (b) postponed to the twenty-first day 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).

- 14.5 Shareholders who, individually or jointly, own or control at least one-fortieth of the share capital may request, within ten days as of the publication of the notice of call pursuant to paragraph 14.4 above (five days in the circumstances indicated under

paragraph 14.4(b)), additions to the list of items on the agenda setting out the proposed additions. Requests must be submitted in writing. Additions to the agenda submitted pursuant to this paragraph shall be disclosed according to applicable laws. Additions to the agenda cannot be made for matters which, in accordance with law, the shareholders' meeting should resolve upon only after a proposal by the board of directors or on the basis of a project or report prepared by the directors, other than the report relating to items included in the agenda.

#### **Art. 15. RIGHTS RELATING TO THE SHARES**

- 15.1 The right to attend and to vote at shareholders' meetings shall be determined in pursuance of these by-laws and, when not expressly provided for, by applicable law in force from time to time.
- 15.2 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 of any shares acts as a registered trustee, on behalf of his/her customers, or in any case on behalf of third parties, the person in question may indicate others on whose behalf he/she acts, or one or more third parties indicated by such customer, as their proxies or representatives.
- 15.3 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.
- 15.4 If the shares of the Company are listed on a market 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 authorisation of the legal owner, to the beneficial owners to the fullest extent allowed by the applicable regulations.

#### **Art. 16. CHAIRMAN AND SECRETARY OF THE MEETING**

- 16.1 Shareholders' meetings shall be presided over by the chairman of the board of 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 will be assisted by a secretary, appointed by the shareholders' meeting, who does not need to be a shareholder, and, if required, by two scrutineers. If required by the applicable law or by the shareholders' meeting a notary public will attend and draft the minutes.
- 16.2 In any event the minutes will be drawn up in accordance with Section 2375 of the Italian Civil Code.
- 16.3 The chairman of the meeting, who can also avail himself of assistants, (i) will confirm the right to attend, also by proxy, of those present; (ii) will ascertain that the meeting is

properly held and is entitled to consider the resolutions; (iii) will supervise and direct the meeting, also by deciding the order of items on the agenda that have to be discussed; (iv) will direct the discussions and decide the manner of voting; (v) and will ascertain and proclaim the results of the voting.

- 16.4 Conduct of the shareholders' meeting is ruled by the relevant regulation approved by the ordinary shareholders' meeting.

#### **Art. 17. DETERMINATION OF THE QUORUM**

- 17.1 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 a date for the second and the third call, with disclosure in the notice of call.
- 17.2 Without prejudice to the provisions set forth by Title VII of these by-laws in the case where the shares of the Company will be traded on the Stock Exchange of Hong Kong, the quorum for an ordinary and extraordinary shareholders' meeting is provided under the Italian Civil Code.
- 17.3 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 system. Voting by a show of hands is not permitted.
- 17.4 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, the regulatory provisions on this subject and the shareholders' meeting regulation.

### **TITLE IV**

#### **ADMINISTRATION - REPRESENTATION - CONTROL**

##### **Art. 18. BOARD OF DIRECTORS**

- 18.1 The Company is managed by a board of directors vested with full powers for the ordinary and extraordinary management without any exception whatsoever and, in particular, has the power to perform all acts it deems advisable for the implementation and achievement of the corporate purposes set out above, except for the acts reserved by law or by the by-laws for a shareholders' meeting.
- 18.2 The directors are not bound to comply with the non-competition obligations under Section 2390 of the Italian Civil Code.

##### **Art. 19. ELECTION AND REPLACEMENT OF THE BOARD OF DIRECTORS**

- 19.1 The Company is managed by a board of directors consisting 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 the last year of their office. They may be reappointed.

- 19.2 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 the 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, if the shares of the Company are listed on the Stock Exchange of Hong Kong, the requirements set forth by the laws and regulations applicable therein to the Company in relation to the independence of directors.
- 19.3 Any person who, alone or together with others, represents at least 1% of the share capital may propose one or more candidates, up to eleven, by filing the name of such candidates with the Company at its registered office at least twenty-five days prior to the date of the shareholders' meeting called to resolved upon their appointment on the first or single call. The details of the candidates are to be published in accordance with the applicable Italian regulations and if the shares of the Company are listed on the Stock Exchange of Hong Kong, the requirements set forth by the laws and regulations applicable therein.
- 19.4 Together with the nomination mentioned in Art. 19.3 above, the proposing person(s) are also required, on penalty of inadmissibility, to file: (a) the list of the proposing person(s), specifying the number of shares of the Company held by each of them, accompanied by evidence attesting compliance with the minimum threshold required under Art. 19.3, (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 director and that he/she satisfies the aforementioned integrity and, if applicable, independence requirements.
- 19.5 If the number of candidates satisfying the independence requirements pursuant to the previous paragraphs is lower than the minimum number set out under Art. 19.2., 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 provided under Art. 19.2.
- 19.6 The directors shall be appointed as follows:
  - (a) the shareholders' meeting first determines the number of directors;
  - (b) a vote shall be taken in respect of every single candidate presented pursuant to the articles above.
- 19.7 The candidates are to be divided into two slates: the first one will list candidates who comply with the independence requirements set out under Art. 19.2 above in numerical order according to the number of votes received by each of them ("**Slate A**"); the second one will list the other candidates in numerical order according to the number of



votes received by each of them (“**Slate B**”).

- 19.8 The first three candidates - or the higher number required in order to satisfy the minimum threshold set out under Art. 19.2 - in Slate A and the first candidates listed in Slate B in the number necessary to reach the number of directors set forth by the shareholders’ meeting pursuant to Art. 19.6(a) above will be appointed.
- 19.9 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.
- 19.10 The appointed directors must communicate to the Company if they have lost any of the abovementioned independence and integrity requirements or if any situations of ineligibility or incompatibility have arisen.
- 19.11 The board of directors will periodically evaluate the independence and integrity of its members. If the integrity or independence requirements set forth by the legislation 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 itself, on penalty of his/her disqualification.
- 19.12 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 under Art. 19.1, 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.
- 19.13 If during the term of office one or more directors should no longer hold office, action will be taken in compliance with Section 2386 of the Italian Civil Code. If a majority of directors should 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.

#### **Art. 20. THE CHAIRMAN OF THE BOARD OF DIRECTORS**

- 20.1 If the shareholders’ meeting has not appointed a chairman, the board of directors will elect one among its members.
- 20.2 The board of directors, at the chairman’s proposal, is to appoint a secretary who does not need to be employed by the Company.
- 20.3 The board of directors can appoint a deputy chairman with the power to deputise for the chairman in his/her absence.
- 20.4 The chairman of the board of directors or, when 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.

#### **Art. 21. DELEGATED BODIES**

- 21.1 The board of directors may delegate - within the limits established by Section 2381 of the Italian Civil Code and by these by-laws - part of its authorities to one or more of its members, and determine their powers and related remuneration.
- 21.2 The board of directors may also establish an executive committee which must include some but not all of the members of the board of directors as well as the chairman and any directors with delegated powers. When resolving on the creation of an executive committee, the board of directors may determine the purposes and manner of exercise of the delegated authorities.
- 21.3 The board of directors shall nevertheless retain the power to supervise and perform directly any transactions falling within its delegated powers, as well as retaining the power to revoke any delegated bodies.
- 21.4 The delegated bodies shall report to the board of directors and the board of statutory auditors at least once every six months.
- 21.5 In addition, decisions concerning the following matters are reserved for the competence of the board of directors, which cannot delegate such powers:
- merger and proportional demerger (*scissione proporzionale*) of companies in which the Company owns shares or holdings that represent at least 90 percent of share capital;
  - establishment and winding-up of branch offices;
  - indication of which directors shall be given the power to act as the legal representative of the 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 the Company's registered office within Italy.
- 21.6 The board of directors may appoint general managers and determine their powers.
- 21.7 If required by applicable laws, the board of directors shall appoint, with the favourable 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 EUR 2,000,000), or (b) professional activities or university teaching activities

in the financial or accounting sectors.

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

**Art. 22. BOARD OF DIRECTORS' MEETINGS AND RESOLUTIONS**

- 22.1 The board of directors will meet in the place indicated in the meeting notice, in the municipality where the registered office of the Company is located or where the Company, directly or indirectly through its subsidiaries or affiliates, carries out its business activities. The board of directors will meet each time the chairman, the board of statutory auditors or at least one-third of the directors deem it necessary.
- 22.2 A meeting of the board of directors will be called at least five days before the date established for the meeting by notice of call to be sent to each director and to the statutory auditors by registered mail, fax or e-mail. The notice period is 24 hours in cases of urgency.
- 22.3 A meeting of the board of directors shall be validly held if the majority of the directors in office are present and can pass resolutions with the favourable vote of the majority of those present. Where a director abstains from voting or has declared to have a conflict, he/she will not be counted in determining the quorum required for approval of the relevant resolution.
- 22.4 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 the Company and, in that case, he/she shall abstain from voting.
- 22.5 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.
- 22.6 A meeting of the board of directors shall also be validly held if those present are located in different places, wherever situated, connected by audio/visual means, if 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.
- 22.7 Board meetings shall be chaired by the chairman or, if the latter is absent, by the deputy chairman (if 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 other attending directors.

**Art. 23. POWER TO REPRESENT THE COMPANY**

- 23.1 The power legally to represent the Company is vested with the chairman of the board of directors.

- 23.2 The power legally to represent the Company shall also be vested with those directors who have been duly authorised by the board of directors, within the limits of the delegated authorities.

#### **Art. 24. REMUNERATION OF DIRECTORS**

- 24.1 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.
- 24.2 The remuneration of directors vested with special authorities shall be established by the board of directors, after having heard the opinion of the board of statutory auditors.
- 24.3 The shareholders' meeting may allocate an aggregate sum for the remuneration of all directors, including those vested with special authorities.

#### **Art. 25. BOARD OF STATUTORY AUDITORS**

- 25.1 The board of statutory auditors shall supervise compliance with all applicable laws, regulations and these by-laws and with the correct management principles and, specifically, it shall ensure that the organisation, administrative and accounting structure adopted by the Company is adequate and appropriate and actually functions.
- 25.2 The ordinary shareholders' meeting is to elect a board of statutory auditors comprising three statutory and two alternate statutory auditors, appoints the chairman of the board of statutory auditors and determines the remuneration of the statutory auditors for their entire term of office.
- 25.3 Any person who, alone or together with others, represents at least 1% of the share capital of the Company may propose one or more candidates, up to three statutory and two alternate auditors, by filing the name of such candidates at the registered office of the Company at least twenty-five days prior to the date of the shareholders' meeting called to resolved 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.
- 25.4 Together with the nomination mentioned in the article above, the proposing person(s) are also required, on penalty of inadmissibility, to file: (a) the list of the proposing person(s), specifying the number of shares of the Company held by each of them, accompanied by evidence attesting compliance with the minimum threshold requested by Art. 25.3; (b) the *curriculum vitae* of each candidate, (c) confirmation 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; (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.

- 25.5 The candidates shall be divided into two slates: the first (“**Slate C**”) containing the names of those candidates for appointment as effective auditors and the second (“**Slate D**”) containing the names of those candidates for appointment as alternate auditors. Every single name submitted is to be voted on separately.
- 25.6 The three candidates drawn out from Slate C who receive the majority of votes expressed by the shareholders will be elected as effective auditors and the two candidates drawn out from Slate D that receive the majority of votes expressed by the shareholders will be elected as alternate auditors. The candidate drawn out from Slate 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.
- 25.7 Auditors for any reason not appointed pursuant to the aforementioned procedure will be appointed by the ordinary shareholders’ meeting with the majorities prescribed by applicable Italian law, in such a way as to ensure that the composition of the board of statutory auditors complies with the applicable legislation and these by-laws.
- 25.8 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.

#### **Art. 26. THE EXTERNAL AUDITOR**

- 26.1 The accounting audit of the Company is to be carried out by a certified and registered public accountant or auditing firm. The appointment and replacement of the office, the duties, powers, responsibilities and the procedures to determine remunerations of the auditing firm are set forth under applicable laws.

### **TITLE V**

#### **FINANCIAL YEAR - YEAR-END ACCOUNTS**

#### **Art. 27. FINANCIAL YEAR**

- 27.1 The financial year of the Company will close on 31 January of each year.

#### **Art. 28. YEAR-END ACCOUNTS AND PROFITS**

- 28.1 At the end of each financial year, the board of directors shall see to the preparation of the Company’s financial statements in compliance with Italian law. A copy of the 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.

- 28.2 The year-end net profits, after the deduction of a sum representing not less than five percent (5%) shall be set aside as a statutory reserve until the amount of the statutory reserve is equal to one-fifth of the company capital, will be allocated among the shareholders in proportion to their respective shareholdings, unless the shareholders' meeting decides to set aside additional provisions as extraordinary reserves.
- 28.3 Dividends not collected within five years of the day on which they become payable will be proscribed in favour of the Company and allocated to reserves.

## **TITLE VI**

### **DISSOLUTION AND LIQUIDATION**

#### **Art. 29. DISSOLUTION AND LIQUIDATION**

- 29.1 In the event the Company is wound up, the shareholders' meeting will resolve the manner of its liquidation, appoint one or more liquidators and determine their powers and remuneration.

## **TITLE VII**

### **SPECIFIC PROVISIONS RELATING TO THE COMPANY WHILST ITS SHARES ARE LISTED ON THE STOCK EXCHANGE OF HONG KONG**

Once the shares of the Company are traded on the Stock Exchange of Hong Kong, the provisions set forth under this Title VII as well as the provisions of the Italian Civil Code relating to companies that have access to capital markets shall apply.

#### **Art. 30. LOANS TO DIRECTORS**

- 30.1 In addition to applicable Italian laws in relation to loans and other forms of financial assistance to directors and other persons, the Company may not, directly or indirectly:
- (i) make a loan or quasi-loan to, or enter into a credit transaction with, a director of the Company or a director of the Company's holding company;
  - (ii) enter into a guarantee or provide any security to a third party in connection with a loan, quasi-loan or a credit transaction made, or entered into, by any person to a director of the Company or a director of the Company's holding company; or
  - (iii) enter into any transaction described in paragraphs (i) or (ii) above with any company controlled by a director of the Company or a director of the Company's holding company or in which a director of the Company or a director of the Company's holding company exercises or controls the exercise of 30% or more of the voting rights.
- 30.2 The Company is not prohibited by Art. 30.1 from:
- (i) entering into any transaction to provide any of its directors with funds to meet

expenditure incurred or to be incurred by him for the purposes of the Company or for the purpose of enabling him properly to perform his duties as an officer of the Company, provided that:

- (a) the transaction in question is entered into with the prior approval of the ordinary shareholders' meeting at which the purpose of the expenditure incurred or to be incurred by the director concerned and the amount of the transaction are disclosed; or
  - (b) in case the prior approval of the ordinary shareholders' meeting is not given, the transaction is entered into on the condition that, if the approval is not so given by the next following shareholders' meeting, any liability falling on any person in connection with the transaction shall be discharged within six months from the conclusion of that meeting;
- (ii) entering into any transaction:
- (a) for the purpose of facilitating the purchase of the whole or part of any residential premises, together with any land, for use as the only or main residence of a director of the Company;
  - (b) for the purpose of improving any such residential premises or land;
  - (c) in substitution for any transaction entered into by any person for the benefit of a director of the Company and falling within paragraphs (a) or (b) above,

provided that:

- (I) the Company ordinarily enters into transactions of that description for its employees on terms no less favorable than those on which the transaction in question is entered into;
  - (II) the amount of the transaction does not exceed 80 per cent of the value of the residential premises, or the part thereof, in question and any land to be so occupied and enjoyed, as stated in a valuation report that complies with paragraph (III);
  - (III) the valuation report is made and signed by a professionally qualified valuation surveyor, who is subject to the discipline of a professional body, not earlier than three months prior to the date on which the transaction is entered into; and
  - (IV) the transaction is secured by a legal mortgage on the land comprising the residential premises, or the part thereof, in question and any land to be occupied and enjoyed therewith;
- (iii) leasing or hiring premises or leasing land to a director of the Company on terms not more favorable than the terms it is reasonable to expect the

Company to have offered, if the premises leased or hired or the land had been leased on the open market, to a person who is unconnected with the Company.

30.3 The references in Art. 30.1 above to a director shall include references to:

- (i) the spouse or any child or step-child of such director;
- (ii) the trustee of any trust, the beneficiaries of which include the director, his spouse, or any of his children or step-children or the terms of which confer a power on the trustees that may be exercised for the benefit of the director, his spouse or any of his children or step-children.

### **Art. 31. CERTIFICATES**

31.1 Every person whose name is entered as a shareholder in the Hong Kong branch register (i.e. the branch shareholders' register that the Company shall set up and maintain in Hong Kong) 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 in respect thereof.

31.2 If the shares of the Company become subject to a compulsory dematerialisation system, the share certificates shall be given to the Company or to any delegated person (such as the 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 authorised intermediary). In such case, any right relating or attaching to the shares can be carried out only after the dematerialisation of the relevant certificates.

31.3 No share shall be issued to bearer.

### **Art. 32. TRANSFER OF SHARES**

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



- 32.2 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 Stock Exchange of Hong Kong and complying with paragraph 31.1 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.

**Art. 33. ENTITLEMENT TO SHAREHOLDERS' RIGHTS**

- 33.1 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.
- 33.2 If a clearing house recognised according to laws and regulations applicable pursuant to the listing of the shares on the Stock Exchange of Hong Kong (or one or more nominee(s) of such clearing house) is a shareholder of the Company (or holder of the warrants issued), the clearing house (or its nominee(s)) may authorise 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 the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares (or financial instruments) in respect of which each such person is so authorised. A person so authorised pursuant to this provision shall be deemed to have been duly authorised 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 the Company holding the number and class of shares (or financial instruments) specified in such authorisation.

**Art. 34. SERVICE OF NOTICES AND OTHER DOCUMENTS**

- 34.1 In addition to the principle set forth under Art. 35 serving of notices will be performed 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 the 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 the shareholders' register of the Company (or in the Hong Kong branch register) or by delivering it to, or by leaving it at, this registered address or, in the case of any notice, by publishing it by way of advertisement in one or more newspapers, by sending it as an electronic

communication to the shareholder at the address he/she may have provided the Company for written correspondence, by publishing it on a computer network (including a website) or by any other means authorised 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.

34.2 Any notice or other document given or issued by or on behalf of the 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 the 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; proof that the address provided by the shareholder in relation to the 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 authorised in writing by the shareholder concerned, it will be deemed to have been served, received, or delivered when the Company has carried out the action it has been authorised to take for that purpose.

34.3 Except as specified under Art. 34.2 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.

34.4 Any notice or other document delivered or sent to any shareholder in pursuance of these by-laws shall, notwithstanding that the shareholder is not deceased or bankrupt, or that any other event has occurred, and whether the 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 the 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.

- 34.5 As per the notice of call under Art. 14, within the same terms provided therein the notice of call must: (i) be published on the website of the Stock Exchange of Hong Kong; and (ii) be provided to the shareholders following the procedures set out in Art. 34.

## **TITLE VIII**

### **FINAL PROVISIONS**

#### **Art. 35. SERVICE OF NOTICE**

- 35.1 Without prejudice of the provisions set forth under Art. 34 above, any communication set forth under applicable Italian law shall be performed in accordance with such regulation.

#### **Art. 36. CANCELLATION OF SHARES CERTIFICATES**

- 36.1 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 the Company that the certificate is stolen, lost or destroyed;

(ii) petition the president of the Court of the place where the 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.

#### **Art. 37. JURISDICTION**

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

#### **Art. 38. APPLICABLE LAWS**

- 38.1 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, if any, of the Company's shares on the Stock Exchange of Hong Kong.

- 38.2 Any matter not expressly covered hereby 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 the listing, if any, of the Company's shares on the Stock Exchange of Hong Kong.