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## WAIVER FROM COMPLIANCE WITH THE GEM LISTING RULES AND THE COMPANIES ORDINANCE

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For the purpose of the listing of the Shares on the GEM, the Company has sought waivers from the strict compliance of the GEM Listing Rules from the GEM Listing Division as described below:

### **Waiver on Share Option Scheme**

The Share Option Scheme was conditionally adopted by a resolution in writing passed by the sole shareholder of the Company on 1st August, 2000. Rule 23.03(2) of the GEM Listing Rules requires that the total number of Shares subject to the Share Option Scheme and any other schemes must not, in aggregate exceed 10 per cent. of the issued share capital of the Company from time to time (the “Scheme Limit”). The Company has applied for a waiver from strict compliance with Rule 23.03(2) of the GEM Listing Rules so that the Scheme Limit can be increased to 30 per cent. of the issued share capital of the Company from time to time. Such waiver has been granted by the Stock Exchange subject to the following conditions:

- (1) the total number of Shares available for issue under options which may be granted under the Share Option Scheme and any other scheme, must not in aggregate, exceed 10% of the issued share capital of the Company as at the date of listing of the Shares on GEM unless shareholders’ approval has been obtained pursuant to paragraphs (2) and (3) below;
- (2) the Company may seek approval by shareholders in general meeting to refresh the 10% limit. However, the total number of Shares available for issue under options which may be granted under the Share Option Scheme and any other schemes in these circumstances must not exceed 10% of the issued share capital of the Company from time to time.
- (3) the Company may seek separate shareholders’ approval in general meeting to grant options beyond the 10% limit provided that (i) the total number of Shares subject to the Share Option Scheme and any other scheme does not in aggregate exceed 30% of the total issued share capital of the Company and (ii) the options in excess of the 10% limit are granted only to participants specified by the Company before such approval is sought;
- (4) any grant of options to a connected person (as defined in the GEM Listing Rules) must be approved by all independent non-executive Directors; and
- (5) where options are proposed to be granted to a connected person who is also a substantial shareholder (as defined in the GEM Listing Rules) or any of his or her or its respective associates, and the proposed grant of options, when aggregated with the options already granted to such connected person in the past 12 months period, would entitle that person to receive more than 0.1% of the total issued shares of the Company for the time being and the value of which is in excess of \$5 million, then the proposed grant must be subject to the approval of shareholders in general meetings. Apart from the connected person involved, all other connected persons of the Company must abstain from voting in such general meeting (except where any connected person intends to vote against the proposed grant). A shareholders’ circular must be prepared by the Company explaining the proposed grant, disclosing the number and terms of the options to be granted and containing a recommendation from the independent directors on whether or not to vote in favour of the proposed grant.

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- (6) the following additional disclosures will be made in the annual, interim and quarterly reports of the Group:
- (i) details of options granted to the following persons: each director; and all the other participants.
  - (ii) A summary of the major terms of each share option scheme approved by shareholders.

### **Waiver on share disposal restriction**

In order to facilitate the settlement of over-allocations in connection with the Placing, CPY International may choose to borrow Shares from shareholders of the Company under stock borrowing arrangements prior to any exercise of the Over-allocation Option by which up to 7,500,000 existing Shares are to be sold by Noble Class Group Limited to the Underwriters, or the acquisition of a sufficient number of Shares from other sources. Such stock borrowing arrangements may include arrangements agreed between CPY International or its affiliated entities and Noble Class Group Limited, the substantial and initial management shareholder of the Company. An application has been made to the Stock Exchange for a waiver to be granted to Noble Class Group Limited from strict compliance with Rule 13.16 of the GEM Listing Rules which restricts the disposal of shares by initial management shareholders following a new listing, in order to allow it to enter into such share borrowing arrangements. The Stock Exchange has indicated that the waiver will be granted subject to the following conditions:

- (1) such stock borrowing arrangement with Noble Class Group Limited will only be effected by the Underwriters for settlement of over-allocations in connection with the Placing;
- (2) the maximum number of Shares borrowed from Noble Class Group Limited will be limited to the maximum number of 7,500,000 Shares which may be placed upon exercise of the Over-allocation Option; and
- (3) up to 7,500,000 Shares will be returned to Noble Class Group Limited (subject to the offset arrangement as mentioned below) no later than 3 business days following the earlier of (i) the last day on which the Over-allocation Option may be exercised or (ii) the day on which the Over-allocation Option is exercised in full.

Such stock borrowing arrangement will be effected in compliance with all applicable laws and regulatory requirements. No payments will be made to Noble Class Group Limited by the Underwriters in relation to such stock borrowing arrangement. In the event that CPY International (on behalf of the Underwriters) exercises the Over-allocation Option, such Shares received by CPY International pursuant to the exercise of the Over-allocation Option will be used to offset against the Shares owed by CPY International to Noble Class Group Limited, if any.

### **Companies Ordinance Waiver**

The Company has also sought a waiver from the SFC in relation to certain requirements under the Companies Ordinance.

According to paragraph 27 of Part II of the Third Schedule of the Companies Ordinance (“**Paragraph 27**”), the Company is required to include in this prospectus a statement as to the gross trading income or sales turnover (as may be appropriate) of the Group during the 3 preceding years.

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According to paragraph 31 of Part II of the Third Schedule of the Companies Ordinance (“**Paragraph 31**”), the Company is required to include in this prospectus a report by the auditors and reporting accountants of the Company with respect to the financial results of the Group for each of the 3 financial years immediately preceding the issue of this prospectus.

The Directors confirm that they have performed sufficient due diligence on the Group to ensure that, up to the date of this prospectus and save as disclosed in this prospectus, there has been no material adverse change in the financial position of the Group since 31st March 2000 and there is no event which would materially affect the information shown in the accountants’ report set out in Appendix I to this prospectus.

The SFC has granted waiver in relation to Paragraph 27 and Paragraph 31 so that the Group is only required to include in this prospectus its trading record, financial results and information covering the 2 financial years immediately preceding the issue of this prospectus.