

# W AIVERS FROM COMPLIANCE WITH CERTAIN PROVISIONS OF THE GEM LISTING RULES

In preparation for the listing of the Shares on the GEM, the Company has sought a number of waivers from the Stock Exchange in relation to the requirements set out in Rule 13.16 and Rule 23.03 of the GEM Listing Rules.

## **INITIAL MANAGEMENT SHAREHOLDER MORATORIUM**

Under Rule 13.16 of the GEM Listing Rules, the Company shall procure that every initial management shareholder who, immediately prior to the listing date is entitled to exercise or control the exercise of 5 per cent. or more of the voting power at general meetings of the Company:

1. places in escrow, with an escrow agent acceptable to the Stock Exchange, his Relevant Securities for a period of 2 years (the “Moratorium Period”) from the date of the commencement in the dealings of the shares on the GEM, on terms acceptable to the Stock Exchange; and
2. undertakes to the Company and the Stock Exchange that, during the Moratorium Period, he/she/it will not, save as provided in Rule 13.17 of the GEM Listing Rules, dispose of (or enter into any agreement to dispose of) or permit the registered holder to dispose of (or to enter into any agreement to dispose of) any of his/her/its direct or indirect interest in the Relevant Securities.

### **Waiver I – Moratorium period**

Under the GEM Listing Rules, Mr. Lao Seng Peng and his wholly owned company, Best Today are considered to be the Initial Management Shareholders under the GEM Listing Rules and their Relevant Securities would ordinarily be subject to a moratorium period of two years. An application has been made on behalf of the Initial Management Shareholders and the Company to the Stock Exchange for a waiver from strict compliance with Rule 13.16 of the GEM Listing Rules on the terms that:

1. the moratorium period in respect of an aggregate of 1,169,479,600 Shares held by Best Today (representing approximately 68.80 per cent. of the enlarged share capital of the Company immediately upon completion of the Placing and the Capitalisation Issue without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option and any options under the Share Option Scheme) will be reduced to 6 months;
2. Lao Seng Peng undertakes not to dispose of (or enter into any agreement to dispose of) any of his shareholding interest in Best Today for a period of 12 months from the date on which dealings in the Shares commence on the GEM; and
3. each of Best Today and Mr. Lao Seng Peng has further undertaken to the Company, CPY (in its capacity as sponsor and global coordinator of the Placing), the Underwriters and the Stock Exchange that during the Second Relevant Lock-up Period:
  - (i) it will not, and will procure that none of its associates and the companies controlled by it or nominees or trustees holding in trust for it will not, within the Second Relevant Lock-up Period, dispose of (or enter into an agreement to dispose of) in respect of any of the Relevant Securities nor permit the registered holder to dispose of (nor enter into an agreement to dispose of) any of its

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direct or indirect interest in the Relevant Securities if such disposal would result in the Initial Management Shareholders ceasing to have control over 35% of the voting powers at general meetings of the Company; and

- (ii) it will place the appropriate number of its/his Relevant Securities (if applicable) in escrow with an escrow agent acceptable to the Stock Exchange during the Second Relevant Lock-up Period to the extent as described above and will comply with the requirements under Rule 13.20 of the GEM Listing Rules.

## **Waiver II – Stock borrowing arrangement**

In order to facilitate settlement of over-allocations in connection with the Placing, and the distribution of Shares under the Placing, CPY International may borrow Shares from Best Today under a stock borrowing arrangement pending the exercise of the Over-allotment Option. An application has been made to the Stock Exchange for a waiver from strict compliance with Rule 13.16 of the GEM Listing Rules for the purpose of implementing the stock borrowing arrangement on the basis that:

1. the stock borrowing arrangement with Best Today may only be effected by CPY International for settlement of over-allocations in connection with the Placing;
2. the maximum number of Shares to be borrowed from Best Today must not exceed the maximum number of Over-allotment Shares which may be issued upon full exercise of the Over-allotment Option;
3. the same number of Shares borrowed will be returned to Best Today not later than three business days following the earlier of (a) the last day on which the Over-allotment Option may be exercised; and (b) the day on which the Over-allotment Option is exercised in full; and
4. the returned Shares will be placed in escrow as soon as practicable with an escrow agent acceptable to the Stock Exchange.

This stock borrowing arrangement will be effected in compliance with all applicable laws and regulatory requirements. No payment will be made to Best Today by CPY International in relation to such stock borrowing arrangement.

## **SHARE OPTION SCHEME WAIVER**

Rule 23.03(2) of the GEM Listing Rules states that when a company grants a share option scheme to the benefit of its full time employees, the total number of securities subject to a share option scheme and any other schemes must not, in aggregate, exceed 10 per cent. of the relevant class of securities of the listed issuer (or the subsidiary) in issue from time to time during a specified period of 10 consecutive years (the “Option Period”).

The Share Option Scheme was conditionally adopted pursuant to a resolution of the sole shareholder of the Company passed on 22nd June, 2001. An application has been made on behalf of the Company to the Stock Exchange for a waiver from strict compliance with Rule 23.03 (2) of the GEM Listing Rules on the terms that the Company may grant options under the Share Option

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Scheme and any other scheme for subscription of up to a maximum of 30 per cent. of the issued share capital of the Company from time to time during the Option Period, subject to the following conditions:

1. subject to sub-paragraphs 2 and 3 below, the total number of Shares to be issued pursuant to the exercise of any option under 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;
2. the Company may seek approval by the shareholders in general meeting to refresh the 10 per cent. limit provided that the total number of Shares to be issued pursuant to the exercise of any option under the Share Option Scheme and any other schemes in these circumstances must not exceed 10 per cent. 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 per cent. limit provided that (a) the total number of Shares subject to the Share Option Scheme and any other schemes does not in aggregate exceed 30 per cent. of the total issued Share capital of the Company and (b) the options in excess of the 10 per cent. limit are only granted to persons as specified by the Company for which such approval is sought;
4. any grant of options to a connected person must be approved by all the independent non-executive Directors;
5. where options are proposed to be granted to a connected person who is also a substantial shareholder or any of his associates, and the proposed grant of options, when aggregated with the options already granted to such connected person in the past 12 months, would entitle that person to receive more than 0.1 per cent. of the total issued Shares for the time being and the value of which is in excess of HK\$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 must abstain from voting in such a 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 non-executive Directors as to whether or not to vote in favour of the proposed grant; and
6. the following additional disclosures being made in the annual, interim and quarterly reports of the Group:
  - (a) details of options granted to each director and all the other participants; and
  - (b) a summary of the major terms of each share option scheme approved by the shareholders.

Further details are set out in the paragraph headed "Share Option Scheme" in Appendix V to this prospectus.