

**Listing Decisions Series 9 - Mineral company - waiver from trading record requirements of Rule 8.05 (Superseded by GL5-08 in July 2008)**

Summary	
Name of party	Company A, a proposed applicant for new listing
Subject	Mineral company - waiver from trading record requirements of Rule 8.05
Listing Rule	Rules 8.05 - 18.03
Decision	Company A's management had failed to demonstrate adequate experience in mining and/or exploration activities - a waiver under Rule 18.03 was therefore not appropriate

**Summary of Facts**

Company A was set up for the purpose of the exploration and production of silica sand. Company A and its subsidiaries had been granted the exclusive exploration and exploitation rights in respect of a designated silica sand mine on the PRC mainland.

Rule 18(3) of the Listing Rules provides for a waiver from the three-year track record requirement of Rule 8.05 where "the Exchange is satisfied that the management of the issuer has adequate experience in mining and/or exploration activities".

Company A did not meet the track record requirement of Rule 8.05 as operation of its mine had not yet commenced. Company A proposed to apply for a waiver under Rule 18(3). Company A's sponsor sought a preliminary view from the Exchange on whether the Exchange would be prepared to grant such a waiver before Company A proceeded to apply for a listing.

**Analysis**

Based on the information provided, only half of the persons constituting the existing and proposed directors and senior management of Company A were considered to have experience in mining of silica sand. Furthermore, most of the experienced proposed directors and members of senior management had not been involved in the group's mining project in the past, their experience having been obtained before they joined the group.

**Decision**

Company A's management had failed to demonstrate adequate experience in mining and/or exploration activities. Company A should, at the very least, wait for a sufficient period of time, at least 3 years, in order to allow those experienced proposed directors and members of senior management to demonstrate sufficient involvement in the management and operations of the group.

Accordingly, a waiver under Rule 18.03 was not appropriate and Company A was therefore not eligible to proceed as a new listing applicant at that point in time.