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## **WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES**

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### **BASIC CONDITIONS IN RELATION TO QUALIFICATIONS FOR LISTING**

According to Rule 8.05 of the Listing Rules, an issuer must satisfy one of the three tests in relation to (i) profit; (ii) market capitalisation, revenue and cash flow; or (iii) market capitalisation and revenue requirements. Chapter 18 of the Listing Rules applies to mineral companies. Under Rule 18.03 of the Listing Rules, the requirements of Rule 8.05 of the Listing Rules may be waived if the Stock Exchange is satisfied that the directors and management of the issuer have sufficient and satisfactory experience of at least three years in mining and, or exploration activities.

As more fully explained in the section headed “Directors and Senior Management” in this prospectus, we have a management team, comprising, principally, three executive Directors and three senior managers, whom we believe possesses this level of experience, deriving, in some cases, from many years’ of involvement in the magnesium production business, aside from participation in the CVM Project, and, in other cases, from the various elements of the CVM Project itself, which has been pursued for more than three years, and which has been supplemented by other experience and activities which we consider to be directly relevant to the successful implementation and commercialisation of large-scale, resource-driven projects such as the CVM Project. The three executive Directors are Mr. Chong Wee Chong, our Chief Executive Officer, Mr. Gao Qi Fu, our executive Director for Mining and Exploration, and Mr. Lim Ooi Hong, our executive Director for Special Projects. The three senior managers are Mr. Zhou Wu, our Head of Mining and Exploration, Mr. Wen Guo Qiang, our Head of Magnesium Smelting, and Mr. Ha Bin Khean, our Head of Finance. Please refer to the detailed biographies of Mr. Chong, Mr. Gao, Mr. Lim, Mr. Zhou, Mr. Wen and Mr. Ha in the section headed “Directors and Senior Management” in this prospectus.

We therefore believe that our Directors and senior management have sufficient and satisfactory experience, of at least three years, of magnesium (or similar) exploration and production activities. On this basis, we applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 8.05 of the Listing Rules in accordance with Rule 18.03 of the Listing Rules.

### **MANAGEMENT PRESENCE IN HONG KONG**

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have sufficient management presence in Hong Kong and in normal circumstances, at least two of the issuer’s executive Directors must be ordinarily resident in Hong Kong.

Our headquarters are located in Kuala Lumpur, Malaysia and our core operations are in Perak, Malaysia. Our executive Directors are either Malaysian or PRC citizens and are not ordinarily resident in Hong Kong. We do not and, in the foreseeable future, will not have a sufficient management presence in Hong Kong for the purposes of satisfying the requirement under Rule 8.12 of the Listing Rules. Therefore, we applied for, and the Stock Exchange has

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granted, a waiver from strict compliance with the requirement under Rule 8.12 of the Listing Rules and the following arrangements have been made for maintaining regular and effective communication with the Stock Exchange:

- (i) We have appointed two authorised representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange and ensure that we comply with the Listing Rules at all times. The two authorised representatives are Mr. Chong Wee Chong, an executive Director, and Mr. Ngai Wai Fung, our Company Secretary. Mr. Ngai Wai Fung is an ordinarily resident in Hong Kong. Our alternate authorised representative is Mr. Tony Tan (who is one of our independent non-executive Directors). Each of Mr. Chong Wee Chong, the authorised representative and Mr. Tony Tan, the alternate authorised representative as well as each of the other Directors who are not ordinarily residents in Hong Kong confirmed that they hold valid travel documents to travel to Hong Kong such that they will be available to meet with the Stock Exchange within a reasonable period of time upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile or email. Each of them is authorised to communicate on our behalf with the Stock Exchange.
- (ii) All of the authorised representatives have means to contact all members of our Board (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors on any matters. To enhance communication between the Stock Exchange, the authorised representatives and our Directors, we have implemented a policy whereby (a) each Director will have to provide his mobile phone numbers, residential phone numbers, office phone numbers, facsimile numbers and electronic mail addresses to the authorised representatives and the Stock Exchange; and (b) in the event that a Director expects to travel and be out of office, he will have to provide the phone number of the place of his accommodation or means of communication to the authorised representatives.
- (iii) We have appointed Anglo Chinese as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules for the period commencing on the Listing Date and ending on the date on which we comply with Listing Rule 13.46 in respect of the financial results of our Company for the first full financial year commencing after the Listing Date. Anglo Chinese will have access at all times to our authorised representatives, our Directors and our other senior management, and will act as our principal channel of communication with the Stock Exchange when our authorised representatives are not available.

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- (iv) Meetings between the Stock Exchange and our Directors could be arranged through our authorised representatives or the compliance adviser, or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange promptly in respect of any change in our authorised representatives and compliance adviser.
- (v) On 2nd June, 2008, the Company has appointed an independent non-executive Director, Mr. Lam Cheung Shu, who is an ordinary resident in Hong Kong and will act as the alternate channel of communication between the Company and the Stock Exchange.