

---

## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

---

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Brockman Mining Limited, you should at once hand this circular, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

This circular is for information purposes only and does not constitute an offer or invitation to subscribe for, acquire or purchase any securities nor is it calculated to invite any such offer or invitation. In particular, this circular is not an offer of securities for sale in Hong Kong, the United States of America or elsewhere. Securities may not be offered or sold in the United States of America absent registration or an exemption from registration.

---

# BROCKMAN

## BROCKMAN MINING LIMITED

### 布萊克萬礦業有限公司\*

(Formerly WAH NAM INTERNATIONAL HOLDINGS LIMITED 華南投資控股有限公司)

(incorporated in Bermuda with limited liability)

(SEHK stock code: 159)

(ASX stock code: BCK)

### SUBSCRIPTION OF SHARES AND SUBSCRIPTION OF CONVERTIBLE BOND CONNECTED TRANSACTION

Financial Adviser



REORIENT Financial Markets Limited

Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders

Nuada Limited  
Corporate Finance Advisory

---

A letter from the Board is set out on pages 5 to 18 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in respect of the CB Subscription (as defined herein) is set out on page 19 of this circular. A letter from Nuada Limited containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the CB Subscription (as defined herein) is set out on pages 20 to 28 of this circular.

A notice convening a special general meeting of the Company to be held at Suites 3812-13, 38/F Two International Finance Centre, 8 Finance Street, Central, Hong Kong on Tuesday, 8 January 2013 at 10:00 a.m. is set out on pages 37 to 40 of this circular. Whether or not you intend to attend and vote at the special general meeting or any adjourned meeting in person, you are requested to complete and return the relevant enclosed form of proxy in accordance with the instructions printed thereon. If your shares in the Company are recorded under the Company's Hong Kong branch registrar or the Company's Bermuda principal registrar, please complete the Hong Kong proxy form and return it to the branch share registrar of the Company in Hong Kong, Tricor Secretaries Limited. Please read and follow the instructions, including the deadline, on the Hong Kong proxy form to lodge the form. If your shares in the Company are recorded under the Company's Australia branch registrar, please complete the Australia proxy form and return it to the Company's branch share registrar in Australia, Computershare Investor Services Pty Limited. Please read and follow the instructions, including the deadline, on the Australia proxy form to lodge the form. Completion and return of the form of proxy will not preclude you from attending and voting in person at the special general meeting or any adjourned meeting should you so wish.

\* for identification purpose only

---

## CONTENTS

---

	<i>Page</i>
<b>DEFINITIONS</b> .....	1
<b>LETTER FROM THE BOARD</b> .....	5
<b>LETTER FROM THE INDEPENDENT BOARD COMMITTEE</b> .....	19
<b>LETTER FROM NUADA LIMITED</b> .....	20
<b>APPENDIX — GENERAL INFORMATION</b> .....	29
<b>NOTICE OF SGM</b> .....	37
<b>EXPLANATORY MEMORANDUM PREPARED IN ACCORDANCE WITH ASX LISTING RULES</b> .....	41

---

## DEFINITIONS

---

*In this circular, unless the context requires otherwise, the following terms shall have the following meanings:*

“2014 CB”	the convertible bond due 10 January 2014 issued by the Company with an outstanding principal amount of HK\$95,940,000 as at the Latest Practicable Date
“2015 CB”	the convertible bond due 19 April 2015 issued by the Company with an outstanding principal amount of HK\$78,000,000 as at the Latest Practicable Date
“ASX”	ASX Limited ACN 008 624 691 (trading as the Australian Securities Exchange)
“ASX Listing Rules”	the listing rules of the ASX and any other rules of ASX which are applicable while the Company is admitted to the official list, each as amended from time to time, except to the extent of any express written waiver by ASX
“Board”	the board of Directors
“Bond A”	the unsecured bond due 23 December 2013 issued by the Company to China Guoyin with an outstanding principal amount of HK\$78,000,000 as at the Latest Practicable Date
“Bond B”	the unsecured bond due 23 December 2013 issued by the Company to Ocean Line with an outstanding principal amount of HK\$78,000,000 as at the Latest Practicable Date
“Bonds”	Bond A and Bond B collectively
“BRM”	Brockman Resources Limited ACN 009 372 150, the ordinary shares of which were previously quoted on the official list of ASX and removed from the official list of ASX on 29 June 2012
“BRM Shares”	ordinary fully paid shares in BRM
“Business Day”	a day (not being a Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CB Subscription”	the subscription of the Convertible Bond by Ocean Line pursuant to the CB Subscription Agreement

---

## DEFINITIONS

---

“CB Subscription Agreement”	the subscription agreement entered into between the Company and Ocean Line on 2 November 2012
“CB Subscription Completion Date”	the second Business Day after the fulfillment (or waiver as applicable) of the conditions set out in the CB Subscription Agreement or such other date as may be agreed in writing by the Company and Ocean Line
“China Guoyin”	China Guoyin Investments (HK) Ltd.
“Company”	Brockman Mining Limited (formerly Wah Nam International Holdings Limited), the shares of which are dually listed on the Stock Exchange and ASX
“connected person(s)”	has the meaning ascribed to such term in the Listing Rules
“Conversion”	the exercise of the conversion rights attached to the Convertible Bond and the issuance of the Conversion Shares accordingly
“Conversion Price”	the price at which each Conversion Share will be issued upon Conversion, being HK\$0.41 per Conversion Share and subject to adjustments which may be made pursuant to the terms and conditions of the Convertible Bond, provided that if such price shall be less than the nominal amount of a Share, the nominal amount of a Share
“Conversion Shares”	the new Shares to be issued upon Conversion
“Convertible Bond”	the convertible bond to be issued by the Company to Ocean Line in the principal amount of HK\$78,000,000 in aggregate subject to the terms of the CB Subscription Agreement
“Director(s)”	the director(s) of the Company from time to time
“Exercise Date”	a date on which a notice is given pursuant to the CB Subscription Agreement in respect of the Conversion
“Explanatory Memorandum”	the explanatory memorandum prepared in accordance with the ASX Listing Rules, as set out on pages 41 to 43 of this circular
“FATA”	the Australian Foreign Acquisitions and Takeovers Act 1975 (Cth)

---

## DEFINITIONS

---

“FIRB”	the Foreign Investment Review Board of Australia
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Board, comprising the independent non-executive Directors, namely Mr. Lau Kwok Kuen, Eddie, Mr. Uwe Henke Von Parpart, Mr. Yip Kwok Cheung, Danny and Mr. David Michael Spratt, established for the purpose of advising the Independent Shareholders on the CB Subscription
“Independent Shareholders”	holders of Shares other than China Guoyin and its associates for the purposes of the Shares Subscription or holders of Shares other than Ocean Line and its associates for the purposes of the CB Subscription (as applicable)
“Issue Date”	the date on which the Convertible Bond is issued by the Company to Ocean Line under the CB Subscription Agreement
“Latest Practicable Date”	26 November 2012, being the latest practicable date prior to printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Maturity Date”	a date falling on the third anniversary of the Issue Date
“Nuada”	Nuada Limited, a licensed corporation to conduct type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the CB Subscription
“Ocean Line”	Ocean Line Holdings Limited
“Offer”	the takeover offer by WN Australia to acquire all the BRM Shares not held by it which closed on 14 June 2012

---

## DEFINITIONS

---

“PRC”	the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting to be convened and held by the Company in relation to the Shares Subscription and the CB Subscription
“Shareholder(s)”	holder(s) of any Share(s)
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Shares Subscription”	the subscription of the Subscription Shares by China Guoyin pursuant to the Shares Subscription Agreement relating to the Shares Subscription
“Shares Subscription Agreement”	the shares subscription agreement entered into between the Company and China Guoyin on 2 November 2012
“Shares Subscription Completion Date”	the third Business Day after fulfillment (or waiver as applicable) of the conditions set out in the Shares Subscription Agreement or such other date as may be agreed in writing by the Company and China Guoyin
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the price at which each Subscription Share will be issued, being HK\$0.41 per Subscription Share
“Subscription Share(s)”	the new Share(s) to be issued under the Shares Subscription Agreement
“WN Australia”	Wah Nam International Australia Pty Ltd (now known as Brockman Mining Holdings (Australia) Pty Ltd), a wholly-owned subsidiary of the Company
“%”	per cent

# BROCKMAN

## BROCKMAN MINING LIMITED

### 布萊克萬礦業有限公司\*

(Formerly WAH NAM INTERNATIONAL HOLDINGS LIMITED 華南投資控股有限公司\*)

(incorporated in Bermuda with limited liability)

(SEHK stock code: 159)

(ASX stock code: BCK)

*Non-Executive Directors:*

Mr. Kwai Sze Hoi (*Chairman*)

Mr. Liu Zhengui (*Vice Chairman*)

Mr. Warren Talbot Beckwith

Mr. Ross Stewart Norgard

*Registered office:*

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

*Executive Directors:*

Mr. Luk Kin Peter Joseph (*Chief Executive Officer*)

Mr. Chan Kam Kwan, Jason

Mr. Chu Chung Yue, Howard

*Head office and principal office of  
business in Hong Kong:*

Suites 3812-13

38/F Two International Finance

Centre

8 Finance Street

Central

Hong Kong

*Independent non-executive Directors:*

Mr. Lau Kwok Kuen, Eddie

Mr. Uwe Henke Von Parpart

Mr. Yip Kwok Cheung, Danny

Mr. David Michael Spratt

3 December 2012

*To the Shareholders*

Dear Sirs,

**SUBSCRIPTION OF SHARES  
AND  
SUBSCRIPTION OF CONVERTIBLE BOND  
CONNECTED TRANSACTION**

**INTRODUCTION**

On 2 November 2012, the Company announced that it entered into (i) the Shares Subscription Agreement with China Guoyin and (ii) the CB Subscription Agreement with Ocean Line pursuant to which the Company agreed to issue the Subscription Shares and the Convertible Bond to China Guoyin and Ocean Line respectively. The completion of the

\* for identification purpose only

---

## LETTER FROM THE BOARD

---

Shares Subscription and the CB Subscription (which constitutes a connected transaction for the Company) are subject to among other things Independent Shareholders' approval.

The purpose of this circular is to provide you with among other things (i) details of the Shares Subscription and the CB Subscription; (ii) the recommendation of the Independent Board Committee in respect of the CB Subscription; (iii) the advice from Nuada in respect of the CB Subscription; and (iv) a notice convening the SGM at which resolutions will be proposed to consider and if thought fit approve the Shares Subscription and the CB Subscription.

### **SHARES SUBSCRIPTION**

On 2 November 2012, the Company and China Guoyin entered into the Shares Subscription Agreement pursuant to which the Company agreed to issue and China Guoyin agreed to subscribe for the Subscription Shares.

#### **Date**

2 November 2012

#### **Parties**

- (1) Subscriber: China Guoyin Investments (HK) Ltd.
- (2) Issuer: the Company

As at the Latest Practicable Date, China Guoyin and its associates in aggregate held (i) 334,189,070 Shares, representing approximately 4.63% of the entire issued share capital of the Company; and (ii) Bond A with a principal amount of HK\$78,000,000. Mr. Liu Zhengui, a non-executive Director and Vice Chairman of the Company, is a director of a company controlled by the beneficial owner of China Guoyin. Save as the aforesaid, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, China Guoyin and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

#### **Number of Subscription Shares**

The number of Subscription Shares shall be 190,243,902 new Shares (with an aggregate nominal value of HK\$19,024,390.20) representing (1) approximately 2.63% of the issued share capital of the Company as at the Latest Practicable Date; and (2) approximately 2.57% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.



---

## LETTER FROM THE BOARD

---

### **Ranking of the Subscription Shares**

The Subscription Shares, when allotted and issued, will rank pari passu in all respects with the Shares in issue as at the date of allotment of the Subscription Shares.

### **Subscription Price**

The Subscription Price is HK\$0.41 per Subscription Share which represents:

- (1) a premium of 3.80% over the closing price of HK\$0.395 per Share as quoted on the Stock Exchange on 2 November 2012, being the date of the Shares Subscription Agreement;
- (2) a premium of 3.02% over the average closing price per Share of approximately HK\$0.398 as quoted on the Stock Exchange for the last five consecutive trading days up to and including 1 November 2012, being the last trading day prior to the date of the Shares Subscription Agreement; and
- (3) a discount of 4.65% to the closing price of HK\$0.43 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Subscription Price was determined on an arm's length basis between the parties with reference to the prevailing market price and the recent trading volume of the Shares and the net asset value of the Company. The Directors (including the independent non-executive Directors) consider that the terms of the Shares Subscription Agreement are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

### **Conditions of the Shares Subscription**

Completion of the Shares Subscription is conditional upon the following conditions being satisfied (or waived as applicable) by 6:00 p.m. (Hong Kong time) on 31 January 2013 (or such other date as the Company and China Guoyin may agree in writing):

- (1) there being no breach of the warranties given by the Company under the Shares Subscription Agreement;
- (2) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Subscription Shares;

---

## LETTER FROM THE BOARD

---

- (3) the passing by the Independent Shareholders at the SGM of the relevant resolution approving the Shares Subscription Agreement and the transactions contemplated thereunder; and
- (4) there being (from the date of the Shares Subscription Agreement up till the time immediately prior to the Shares Subscription Completion Date) no material adverse change in the financial position and trading prospects of the Group and no event which has or could reasonably be expected to have a material adverse effect on the Group to the reasonable satisfaction of China Guoyin.

China Guoyin is entitled to waive the satisfaction of conditions (1) and (4) above.

### **Completion of the Shares Subscription**

Completion shall take place on the Shares Subscription Completion Date.

### **Lock-up undertaking**

China Guoyin undertakes that during the period commencing from the Shares Subscription Completion Date and ending on the date which is one year therefrom, it shall not, without the prior written consent of the Company:

- (1) offer, accept subscription for, pledge, issue, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, any of the Subscription Shares;
- (2) enter into any swap or other arrangement or any transaction that transfers to another, in whole or in part, directly or indirectly, any of the economic consequences of ownership of the Subscription Shares;
- (3) agree (conditionally or unconditionally) to enter into or effect any transaction with the same economic effect as any of the transaction referred to in (1) or (2) above; or
- (4) announce any intention to enter into or effect any of the transactions referred to in (1), (2) or (3) above, where any of the foregoing transactions is to be settled by delivery of the Subscription Shares or such other securities, in cash or otherwise.

---

## LETTER FROM THE BOARD

---

### CB SUBSCRIPTION

On 2 November 2012, the Company and Ocean Line entered into the CB Subscription Agreement pursuant to which the Company agreed to issue and Ocean Line agreed to subscribe for the Convertible Bond.

#### Date

2 November 2012

#### Parties

- (1) Subscriber: Ocean Line Holdings Limited
- (2) Issuer: the Company

As at the Latest Practicable Date, Ocean Line and its associates in aggregate held (i) 1,050,988,862 Shares, representing approximately 14.55% of the entire issued share capital of the Company; (ii) 2014 CB with a principal amount of HK\$95,940,000; (iii) 2015 CB with a principal amount of HK\$78,000,000; and (iv) Bond B with a principal amount of HK\$78,000,000. Ocean Line is owned as to 60% by Mr. Kwai Sze Hoi (Chairman of the Company) and as to 40% by his spouse, Ms. Cheung Wai Fung.

#### Principal terms of the Convertible Bond

Principal amount	:	HK\$78,000,000
Maturity date	:	a date falling on the third anniversary of the Issue Date
Interest	:	interest is payable on redemption of the outstanding principal amount of the Convertible Bond on the Maturity Date at the rate of 5% per annum accruing from the Issue Date on a daily basis and shall be calculated on the basis of the actual number of days elapsed in a year of 365 days in arrears and on the Maturity Date only, with interest payment date to fall on the Maturity Date. A default interest at the rate of 20% per annum, calculated on the basis of the actual number of days elapsed in a year of 365 days, shall apply if the Convertible Bond becomes due and payable on the occurrence of any events of default (as set out in the CB Subscription Agreement).

---

## LETTER FROM THE BOARD

---

Conversion right : in the event that the holder of the Convertible Bond holds the 2014 CB or the 2015 CB, the conversion rights of the Convertible Bond shall not be exercisable unless and until the conversion rights of the 2014 CB and the 2015 CB have been exercised in full or the holder has transferred all its interests in the 2014 CB and the 2015 CB to an independent third party. Subject to the aforesaid proviso, (a) for so long as the aggregate interests of the holder of the Convertible Bond (and its associates as defined under section 6 of the FATA) prior to the exercise of the conversion rights under the Convertible Bond do not exceed 14.9% of the then issued share capital of the Company, the exercise of the conversion rights of the relevant portion of the Convertible Bond shall be automatically triggered at the end of each month prior to the Maturity Date if and to the extent that, immediately upon exercise of the conversion right of the relevant portion of such Convertible Bond (provided always that, if it will result in the exercise of the conversion rights under the Convertible Bond as held by the holder in part, the conversion of which shall represent a minimum of 1,000,000 Conversion Shares), the aggregate interests of the holder of the Convertible Bond and its associates shall represent a percentage equivalent to or rounded up to or closest to (and in any event not exceeding) 14.9% of the then enlarged issued share capital of the Company; or (b) immediately upon Conversion, if the aggregate interests of the holder of the Convertible Bond and its associates shall be more than 14.9% of the then enlarged share capital of the Company, but the holder of the Convertible Bond (and/or its associates) has obtained prior approval from FIRB in relation to holding 15% or more of the issued share capital of the Company, the exercise of the conversion rights in respect of the whole of the outstanding principal amount of the Convertible Bond as held by the holder shall be automatically triggered. In the aforesaid circumstances, the holder of the Convertible Bond shall be obliged to give notification to the Company, whereupon the relevant amount of such Convertible Bond shall be converted into Shares.

---

## LETTER FROM THE BOARD

---

In addition to the above, in the event that the holder of the Convertible Bond holds the 2014 CB and the 2015 CB and the conversion rights of such 2014 CB and 2015 CB have been exercised in full or the holder has transferred all its interests in the 2014 CB and the 2015 CB to an independent third party, the Company shall be entitled to elect for the conversion of the Convertible Bond at any time by giving notice to the holder of the Convertible Bond, provided that immediately upon the Conversion, (a) the aggregate interests of the holder of the Convertible Bond and its associates shall not be more than 14.9% of the then enlarged issued share capital of the Company; or (b) the aggregate interests of the holder of the Convertible Bond and its associates shall be more than 14.9% of the then enlarged issued share capital of the Company, but the holder of the Convertible Bond (and/or its associates) has obtained prior approval from FIRB in relation to holding 15% or more of the issued share capital of the Company.

- Mandatory redemption : the principal amount of the Convertible Bond which remains on Maturity Date shall be automatically redeemed by the Company on the Maturity Date. Unless prior written consent from the holder of the Convertible Bond has been sought, the Company shall have no right to redeem any part of the outstanding principal amount of the Convertible Bond prior to the Maturity Date.
- Conversion Price : the Conversion Price of HK\$0.41 per Conversion Share, subject to adjustments as set out and in accordance with the terms and conditions of the Convertible Bond as follows.
- Adjustment to the Conversion Price : the Conversion Price is subject to adjustment for consolidation or subdivision of Shares provided that no adjustment shall be made to the Conversion Price in any case in which the amount by which the same would be reduced would be less than one cent and any adjustment that would otherwise be required then to be made shall not be carried forward.

---

## LETTER FROM THE BOARD

---

Ranking of the Conversion Shares : the Conversion Shares, when allotted and issued, will rank pari passu in all respects with the Shares in issue as at the Exercise Date.

Lock-up undertaking : the bondholder undertakes to the Company that during the period from the Issue Date and ending on the date which is one year therefrom, it shall not, without the prior written consent of the Company:

- (1) offer, accept subscription for, pledge, issue, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, any of the Convertible Bond or Conversion Shares;
- (2) enter into any swap or other arrangement or any transaction that transfers to another, in whole or in part, directly or indirectly, any of the economic consequences of ownership of the Convertible Bond or Conversion Shares;
- (3) agree (conditionally or unconditionally) to enter into or effect any transaction with the same economic effect as any of the transaction referred to in (1) or (2) above; or
- (4) announce any intention to enter into or effect any of the transactions referred to in (1), (2) or (3) above, where any of the foregoing transactions is to be settled by delivery of the Convertible Bond or Conversion Shares or such other securities, in cash or otherwise.

### **Conversion Shares**

Assuming full Conversion, based on the Conversion Price of HK\$0.41 per Conversion Share, a total of 190,243,902 Conversion Shares will be issued by the Company, representing (1) approximately 2.63% of the issued share capital of the Company as at the Latest Practicable Date; (2) approximately 2.57% of the issued share capital of

---

## LETTER FROM THE BOARD

---

the Company as enlarged by the allotment and issue of the Conversion Shares; and (3) approximately 2.50% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares and the Subscription Shares.

### **Conversion Price**

The Conversion Price of HK\$0.41 per Conversion Share represents:

- (1) a premium of 3.80% over the closing price of HK\$0.395 per Share as quoted on the Stock Exchange on 2 November 2012, being the date of the CB Subscription Agreement;
- (2) a premium of 3.02% over the average closing price per Share of approximately HK\$0.398 as quoted on the Stock Exchange for the last five consecutive trading days up to and including 1 November 2012, being the last trading day prior to the date of the CB Subscription Agreement; and
- (3) a discount of 4.65% to the closing price of HK\$0.43 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Conversion Price was determined on an arm's length basis between the parties with reference to the prevailing market price and the recent trading volume of the Shares and the net asset value of the Company. The Directors (including the independent non-executive Directors whose view is stated under the paragraph headed "Recommendation" below) consider that the terms of the CB Subscription Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Conditions of the CB Subscription**

Completion of the CB Subscription is conditional upon the following conditions being satisfied (or waived as applicable) by 6:00 p.m. (Hong Kong time) on 31 January 2013 (or such other date as the Company and Ocean Line may agree in writing):

- (1) there being no breach of the warranties given by the Company under the CB Subscription Agreement;
- (2) the passing by the Independent Shareholders at the SGM of the resolution approving the CB Subscription Agreement and the transactions contemplated thereunder;
- (3) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Conversion Shares; and

---

## LETTER FROM THE BOARD

---

- (4) there being (from the date of the CB Subscription Agreement up till the time immediately prior to the CB Subscription Completion Date) no material adverse change in the financial position and trading prospects of the Group and no event which has or could reasonably be expected to have a material adverse effect on the Group to the reasonable satisfaction of Ocean Line.

Ocean Line is entitled to waive the satisfaction of conditions (1) and (4) above.

The CB Subscription and the Shares Subscription are not inter-conditional.

### **Completion of the CB Subscription**

Completion of the CB Subscription will take place on the CB Subscription Completion Date.

### **SPECIFIC MANDATE**

The Subscription Shares will be issued under a specific mandate to be approved by the Independent Shareholders at the SGM.

The Convertible Bond (including the allotment and issue of the Conversion Shares upon Conversion) will be issued under a specific mandate to be approved by the Independent Shareholders at the SGM.

### **LISTING APPLICATION**

The Convertible Bond will not be listed on any stock exchange.

Applications have been made to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares and the Conversion Shares. The Company will apply for quotation of the Subscription Shares and the Conversion Shares on the ASX once they have been allotted.

### **USE OF PROCEEDS**

Subject to obtaining Independent Shareholders' approval for the Shares Subscription, Bond A (which was issued by the Company to China Guoyin on 21 September 2012) will be redeemed in full and the proceeds from the redemption will be applied to subscribe for the Subscription Shares. The gross proceeds and the net proceeds of the Shares Subscription will be approximately HK\$78 million. The net issue price per Subscription Share based on the above net proceeds is approximately HK\$0.41.



---

## LETTER FROM THE BOARD

---

Subject to obtaining Independent Shareholders' approval for the CB Subscription, Bond B (which was issued by the Company to Ocean Line on 21 September 2012) shall be redeemed in full and effectively replaced by the Convertible Bond. The gross proceeds and net proceeds of the CB Subscription will be approximately HK\$78 million. The net issue price per Conversion Share based on the above net proceeds is approximately HK\$0.41.

### REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Bonds were issued on 21 September 2012 to raise funds to finance the expenses related to the Offer and for further development of the Marillana iron ore project owned by BRM. The Bonds are unsecured and bear an interest rate of 12% per annum. They are due on 23 December 2013. The issue of the Bonds provided the Group with quick access to funds. In view of the benefits of the Shares Subscription and the CB Subscription as set out below, the Bonds will be redeemed with the net proceeds from the Shares Subscription and the CB Subscription.

The net proceeds from the Shares Subscription will be used to fully redeem Bond A thus effectively enabling the Company to replace the debt of Bond A with equity of the Subscription Shares improving the Group's gearing and saving future interest expense.

It is intended that the proceeds from the CB Subscription will be used to fully redeem Bond B. At a lower interest rate at 5% per annum (compared to the 12% per annum interest rate of Bond B), the Convertible Bond will enable the Company to save interest expense arising from the lower interest rate of the Convertible Bond. In case any parts of the Convertible Bond are converted into Shares, no interest shall be payable for such converted parts of the Convertible Bond. Furthermore, the Company understands that Ocean Line intends to hold a long-term interest in the Company. Ocean Line and its associates held approximately 14.55% of the issued share capital of the Company as at the Latest Practicable Date. Their aggregate interests shall not exceed 14.9% of the issued share capital of the Company unless prior approval from FIRB has been obtained. The Company is of the view that the issue of the Convertible Bond to Ocean Line would reinforce the Group's strategic relationship with Ocean Line.

The Directors consider that the terms of the Shares Subscription are on normal commercial terms and are fair and reasonable. The Directors (including the independent non-executive Directors whose view is stated under the paragraph headed "Recommendation" below) consider that the terms of the CB Subscription are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## LETTER FROM THE BOARD

### INFORMATION ON THE GROUP, CHINA GUOYIN AND OCEAN LINE

The Group is principally engaged in exploration and development of iron ore mining projects in Western Australia; exploitation, processing and production of copper ore concentrates in the PRC; and provision of limousine rental and airport shuttle bus services.

China Guoyin is an investment holding company holding, among others, securities investments.

Ocean Line is a multinational conglomerate with shipping business as its strategic focus. It is one of the largest privately owned shipping companies in Hong Kong. It wholly owns, operates and manages a fleet of vessels with total deadweight tonnage of 3 million metric tonnes operating worldwide. In addition, Ocean Line invests in infrastructures and operates other shipping related businesses including ports, terminals, warehouses, and ship repairs. Ocean Line also invests in hotel businesses.

### SHAREHOLDING TABLE

	As at the Latest Practicable Date		After completion of the Shares Subscription (absent any other changes)		After completion of the Shares Subscription and the CB Subscription and assuming full conversion of the 2014 CB, the 2015 CB and the Convertible Bond (absent any other changes)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
The XSS Group Limited and its subsidiaries (note 1)	387,032,276	5.36	387,032,276	5.22	387,032,276	4.90
Shimmer Expert Investments Limited (note 2)	179,548,000	2.49	179,548,000	2.42	179,548,000	2.28
Parklane International Holdings Limited (note 3)	87,592,592	1.21	87,592,592	1.18	87,592,592	1.11
Ocean Line and its associates	1,050,988,862	14.55	1,050,988,862	14.18	1,531,132,764	19.39 (note 4)
Ross Stewart Norgard and Longfellow Nominees Pty Ltd (note 5)	243,054,000	3.36	243,054,000	3.28	243,054,000	3.08
<i>Public Shareholders</i>						
China Guoyin and its associates	334,189,070	4.63	524,432,972	7.07	524,432,972	6.64
Other public Shareholders	4,941,689,527	68.40	4,941,689,527	66.65	4,941,689,527	62.60
	<u>7,224,094,327</u>	<u>100.00</u>	<u>7,414,338,229</u>	<u>100.00</u>	<u>7,894,482,131</u>	<u>100.00</u>

---

## LETTER FROM THE BOARD

---

### Notes:

1. These Shares were held by The XSS Group Limited, a company incorporated in the British Virgin Islands, and 50%, 20% and 30% issued share capital of which is beneficially owned by Mr. Luk Kin Peter Joseph (an executive Director), Ms. Cheung Sze Wai (Mr. Luk's spouse) and Ms. Chong Yee Kwan (Mr. Luk's mother) respectively.
2. These Shares were held by Shimmer Expert Investments Limited, a company incorporated in the British Virgin Islands, and the entire issued share capital of which is beneficially owned by Groom High Investments Limited. Groom High Investments Limited is a company incorporated in the British Virgin Islands, the entire issued share capital of which is beneficially owned by Ms. Zhang Li, a director of a subsidiary of the Company.
3. These Shares were held by Parklane International Holdings Limited, a company incorporated in the British Virgin Islands, and the entire issued share capital of which is beneficially owned by Mr. Leung Chi Yan, a director of certain subsidiaries of the Company.
4. The percentage interest to be held by Ocean Line and its associates are for illustrative purposes only. Pursuant to the terms of the 2014 CB, 2015 CB and the Convertible Bond, unless prior approval from FIRB has been obtained by the holder of the 2014 CB and/or 2015 CB and/or the Convertible Bond (and/or its associates as defined under section 6 of FATA), conversion of the 2014 CB and/or 2015 CB and/or the Convertible Bond can only take place if the holder of the 2014 CB and/or 2015 CB and/or the Convertible Bond and its associates will not be interested in more than 14.9% of the then enlarged issued share capital of the Company.
5. 64,569,834 Shares were held by Mr. Ross Stewart Norgard (a non-executive Director) directly and 178,484,166 Shares were held through Longfellow Nominees Pty Ltd (a corporation controlled by Mr. Norgard).

### FUND RAISING IN THE PAST 12 MONTHS

The following table sets out the equity fund raising activities conducted by the Group in the past 12 months immediately preceding the Latest Practicable Date:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual application of the net proceeds
6 March 2012	Issue of the 2015 CB	HK\$78 million	To replace the bond issued by the Company on 12 March 2012 whose entire proceeds were used to partially finance the cash portion of the consideration for the Offer.	All of the net proceeds from the 2015 CB were used to replace the bond (in its entirety) issued by the Company on 12 March 2012.
12 December 2011	Issue of new Shares and the 2014 CB	Approximately HK\$506.8 million	To partially finance the cash portion of the consideration for the Offer.	The entire net proceeds were used to partially finance the cash portion of the consideration for the Offer.

---

## LETTER FROM THE BOARD

---

### LISTING RULES REQUIREMENTS AND THE SGM

Ocean Line is a substantial shareholder of the Company and is thus a connected person of the Company. As such, the CB Subscription constitutes a connected transaction for the Company subject to Independent Shareholders' approval pursuant to the requirements of Chapter 14A of the Listing Rules. In view of his relationship with Ocean Line, Mr. Kwai Sze Hoi (being the Chairman of the Company) has abstained from voting on the board resolution in relation to the CB Subscription. None of the Directors have a material interest in the Shares Subscription and as such none of the Directors abstained from voting on the relevant board resolution in relation to the Shares Subscription.

Ocean Line and its associates who in aggregate held 1,050,988,862 Shares (approximately 14.55% of the entire issued share capital of the Company) as at the Latest Practicable Date are required to abstain from voting in respect of the resolution in relation to the CB Subscription. China Guoyin (as the subscriber of the Subscription Shares) is interested in the Shares Subscription. Therefore, China Guoyin and its associates holding 334,189,070 Shares (approximately 4.63% of the entire issued share capital of the Company) as at the Latest Practicable Date is required to abstain from voting in respect of the resolution in relation to the Shares Subscription.

### RECOMMENDATION

The Board considers the terms of the Shares Subscription are fair and reasonable and in the interests of the Company and the Shareholders as a whole and recommend the Shareholders to vote in favour of the resolution to approve the Shares Subscription and the transactions contemplated thereunder.

The Independent Board Committee, having taken into account the advice of Nuada, considers that the terms of the CB Subscription are fair and reasonable so far as the Independent Shareholders are concerned and the CB Subscription is in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolution to approve the CB Subscription and the transactions contemplated thereunder. The text of the letter from the Independent Board Committee is set out on page 19 of this circular.

By order of the Board  
**Brockman Mining Limited**  
**Luk Kin Peter Joseph**  
*Chief Executive Officer*

---

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

---

*The following is the text of the letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the CB Subscription which has been prepared for the purpose of inclusion in this circular:*

# BROCKMAN

## BROCKMAN MINING LIMITED

### 布萊克萬礦業有限公司\*

(Formerly WAH NAM INTERNATIONAL HOLDINGS LIMITED 華南投資控股有限公司\*)

*(incorporated in Bermuda with limited liability)*

**(SEHK stock code: 159)**

**(ASX stock code: BCK)**

3 December 2012

*To the Independent Shareholders*

Dear Sir or Madam,

### CONNECTED TRANSACTION SUBSCRIPTION OF CONVERTIBLE BOND

We refer to the circular of the Company dated 3 December 2012 (the “Circular”), of which this letter forms part. Unless specified otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed by the Board as members of the Independent Board Committee to advise you on the CB Subscription. Nuada has been appointed as the independent financial adviser to advise you and us in this regard. Details of their advice, together with the principal factors and reasons they have taken into consideration in giving their advice, are set out on pages 20 to 28 of the Circular. Your attention is also drawn to the letter from the Board in the Circular.

Having considered the terms of the CB Subscription and the advice of Nuada, in particular the principal factors and reasons set out in its letter on pages 20 to 28 of the Circular, we consider that the terms of the CB Subscription are fair and reasonable so far as the Independent Shareholders are concerned, and the CB Subscription is in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the CB Subscription.

Yours faithfully,  
**Independent Board Committee**

Lau Kwok Kuen, Eddie  
*Independent*  
*non-executive Director*

Uwe Henke Von Parpart  
*Independent*  
*non-executive Director*

Yip Kwok Cheung, Danny  
*Independent*  
*non-executive Director*

David Michael Spratt  
*Independent*  
*non-executive Director*

\* *for identification purpose only*

---

## LETTER FROM NUADA LIMITED

---

*The following is the text of a letter of advice from Nuada Limited in connection with the terms of the CB Subscription Agreement which has been prepared for inclusion in this circular.*

**Nuada Limited**

*Corporate Finance Advisory*

19th Floor, BLINK, 111 Bonham Strand  
Sheung Wan, Hong Kong  
香港上環文咸東街111號BLINK 19字樓

3 December 2012

*To the Independent Board Committee and the Independent Shareholders  
of Brockman Mining Limited*

Dear Sirs,

### **CONNECTED TRANSACTION SUBSCRIPTION OF CONVERTIBLE BOND**

#### **INTRODUCTION**

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the CB Subscription Agreement, details of which are set out in the letter from the Board (the “**Board’s Letter**”) in the circular to the Shareholders dated 3 December 2012 (the “**Circular**”), of which this letter forms part. Unless otherwise stated, terms used in this letter have the same meanings as those defined in the Circular.

As stated in the Board’s Letter, Ocean Line is a substantial shareholder of the Company and is thus a connected person of the Company, and as such, the CB Subscription constitutes a connected transaction for the Company subject to Independent Shareholders’ approval under Chapter 14A of the Listing Rules.

The Independent Board Committee has been formed to advise the Independent Shareholders as to whether the CB Subscription Agreement is fair and reasonable, on normal commercial terms and in the interests of the Company and the Independent Shareholders as a whole.

---

## LETTER FROM NUADA LIMITED

---

### **BASIS OF OUR OPINION**

In formulating our opinion in respect of the CB Subscription, we have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Company and the Directors. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all information and representations made or referred to in the Circular and provided to us by the Company and the Directors, for which they were solely and wholly responsible, were true, complete and accurate at the time they were made and continue to be true, complete and accurate at the date of the SGM.

The Directors collectively and severally accept full responsibility for the accuracy of the information contained in the Circular. The Directors have confirmed, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading. We consider that we have reviewed sufficient information to enable us to reach an informed view and to provide a reasonable basis for our opinion regarding the CB Subscription Agreement. We have not, however, conducted any independent verification of the information and representations provided to and reviewed by us, nor have we carried out any form of independent in-depth investigation into the businesses and affairs, financial position or the future prospects of the businesses of the Group or the markets in which it operates.

We have not studied, investigated nor verified the validity of all legal aspects of, and procedural aspects for, the CB Subscription Agreement. We have further assumed that all material governmental, regulatory or other consents, rights, waivers, authorisations, licenses, clearances and approvals necessary for the effectiveness and implementation of the CB Subscription Agreement have been or will be obtained and will not be withdrawn without any adverse effect on the Group, the assets and liabilities of the Group or the contemplated benefits to the Group as derived from the CB Subscription Agreement.

---

## LETTER FROM NUADA LIMITED

---

Our opinion is necessarily based upon the financial, economic (including exchange rates and interest rates), market, regulatory and other conditions as they exist on, and the facts, information, representations and opinions made available to us as of the Latest Practicable Date. Our opinion does not in any manner address the Company's own decision to proceed with the CB Subscription Agreement. We disclaim any undertaking or obligation to advise any person of any change in any fact or matter affecting the opinion expressed herein, which may come or be brought to our attention after the Latest Practicable Date.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

The principal factors and reasons we have taken into account in giving our advice to the Independent Board Committee and the Independent Shareholders are set out below:

#### **Background and reasons for the CB Subscription**

The Group is principally engaged in exploration and development of iron ore mining projects in Western Australia; exploitation, processing and production of copper ore concentrates in the PRC; and provision of limousine rental and airport shuttle bus services.

On 2 November 2012, the Company and Ocean Line entered into the CB Subscription Agreement pursuant to which the Company agreed to issue and Ocean Line agreed to subscribe for the Convertible Bond with the principal amount of HK\$78 million. It is intended that the proceeds from the CB Subscription will be used to fully redeem Bond B, details of which are set out in the Board's Letter. As stated in the Board's Letter, the Convertible Bond will enable the Company to save interest expense arising from the lower interest rate of the Convertible Bond. In case any parts of the Convertible Bond are converted into Shares, no interest shall be payable for such converted parts of the Convertible Bond. Furthermore, the Company understands that Ocean Line intends to hold a long-term interest in the Company. The Company is of the view that the issue of the Convertible Bond to Ocean Line would reinforce the Group's strategic relationship with Ocean Line.



---

## LETTER FROM NUADA LIMITED

---

As advised by the Company, the Company has considered other financing methods, such as bank borrowings, placing of new Shares, open offer or rights issue of new Shares. However, given the loss making record and liquidity position of the Group, as detailed in the section headed “Financial information of the Group” below, it would be difficult for the Group to obtain additional unsecured bank loans, and/or conduct placing, open offer or rights issue of new Shares, in particular without offering deep discount to the prevailing market price of the Shares. Furthermore, as compared to the issue of the Convertible Bond, placing, open offer or rights issue of new Shares would cause immediate dilution to the existing shareholdings of the Company.

### **Financial information of the Group**

For the eighteen months ended 30 June 2012, the Group recorded audited revenue of approximately HK\$200.8 million, consisting of approximately HK\$28.6 million from sales of copper ore concentrates, approximately HK\$153.6 million from the provision of limousine rental services and approximately HK\$18.6 million from the provision of airport shuttle bus services. The Group recorded audited loss attributable to equity holders of the Company of approximately HK\$1,579.7 million for the eighteen months ended 30 June 2012. As stated in the annual report 2012 of the Company, such loss was mainly due to the impairment losses from the revaluation of mining properties in Australia and the PRC.

As at 30 June 2012, the Group had audited net assets of approximately HK\$3,099.0 million and audited net current assets of approximately HK\$97.3 million, with cash and cash equivalents amounted to approximately HK\$336.4 million, while the current liabilities of the Group amounted to approximately HK\$304.6 million. According to the management account of the Group as at 30 September 2012, the Group had unaudited net assets of approximately HK\$3,109.7 million and unaudited net current assets of approximately HK\$234.0 million, with unaudited cash and cash equivalents amounted to approximately HK\$399.9 million, while the unaudited current liabilities of the Group amounted to approximately HK\$236.0 million as at 30 September 2012.

---

## LETTER FROM NUADA LIMITED

---

As noted from the annual report 2012 of the Company, the net cash used in operating activities of the Group amounted to approximately HK\$388.4 million for the eighteen months ended 30 June 2012. As advised by the Company, the mining business of the Group is capital intensive in nature. For the eighteen months ended 30 June 2012, the exploration and evaluation expenses of the Group amounted to approximately HK\$215.6 million. In addition, it is also noted from the annual report 2012 of the Company that as at 30 June 2012, the Group had capital commitments of approximately HK\$60.3 million, comprising (i) operating lease commitments no later than 5 years of approximately HK\$38.9 million; (ii) capital expenditure for property, plant and equipment contracted for but not yet incurred of approximately HK\$6.6 million; (iii) exploration expenditure commitments of A\$1,755,000 (equivalent to approximately HK\$13,890,000) over the following twelve months; and (iv) joint venture commitments of A\$120,000 (equivalent to approximately HK\$950,000).

Taking into account (i) the existing cash and current liabilities level of the Group; (ii) the negative operating net cashflow of the Group for the eighteen months ended 30 June 2012; (iii) the capital intensive nature of the Group's mining business; and (iv) the capital commitments of the Group as detailed above, we consider that the CB Subscription is beneficial to the Group in maintaining its liquidity level for the business operations and development of the Group with lessened interest expense burden, and any conversion of the Convertible Bond into Conversion Shares would release the Company from the repayment obligations for the converted parts of the Convertible Bond and broaden the capital base of the Company. As such, we consider that the CB Subscription is in the interests of the Company and the Shareholders as a whole.

### **Principal terms of the Convertible Bond**

The Convertible Bond in the principal amount of HK\$78,000,000 with a term of three years shall carry an interest of 5% per annum. The Convertible Bond is convertible into Conversion Shares at the initial Conversion Price of HK\$0.41 per Conversion Share. The Conversion Price represents (i) a premium of approximately 3.80% over the closing price of HK\$0.395 per Share as quoted on the Stock Exchange on 2 November 2012, being the date of the CB Subscription Agreement (the "**Agreement Date**"); and (ii) a premium of approximately 3.02% over the average closing price per Share of approximately HK\$0.398 as quoted on the Stock Exchange for the last five consecutive trading days up to and including 1 November 2012, being the last trading day prior to the Agreement Date.

---

## LETTER FROM NUADA LIMITED

---

In assessing the fairness and reasonableness of the initial Conversion Price, we have attempted to make reference to the subscriptions/placings of convertible bonds for cash denominated in Hong Kong dollars with principal amount of HK\$100 million or below and fixed initial conversion price (with normal adjustment terms) initially announced by other companies listed on the Stock Exchange during the four-months period prior to the Agreement Date (the “**CB Comparables**”), a comprehensive list of which is set out below:

Date of initial announcement	Company name	Stock code	Initial conversion price	Interest rate per annum	Premium/(Discount) represented by initial conversion price over/to the reference closing price of shares on/prior to the date of the relevant agreement as referred to in the relevant initial announcement in respect of the CB Comparables respectively (Approximately)	Premium/(Discount) represented by initial conversion price over/to the reference 5-day average closing price of shares as referred to in the relevant initial announcement in respect of the CB Comparables respectively (Approximately)
27 July 2012	CY Foundation Group Limited	1182	HK\$0.0573	3.00%	(16.96)%	(19.97)%
28 July 2012	Long Success International (Holdings) Limited	8017	HK\$0.0800	Nil	(45.95)%	(20.16)%
30 July 2012	Chinlink International Holdings Limited	997	HK\$0.3000	3.00%	5.26%	7.53%
3 September 2012	Faxa International Holdings Limited	8108	HK\$0.1000	42.00%	(7.41)%	(4.94)%
20 September 2012	Legend Strategy International Holdings Group Company Limited	8160	HK\$0.8500	5.00%	(16.67)%	(18.58)%
28 September 2012	M Dream Inworld Limited	8100	HK\$0.1000	2.00%	11.11%	16.01%
4 October 2012	Pearl River Tyre (Holdings) Limited	1187	HK\$2.0000	3.00%	(5.21)%	(7.41)%

---

**LETTER FROM NUADA LIMITED**

---

Date of initial announcement	Company name	Stock code	Initial conversion price	Interest rate per annum	Premium/(Discount) represented by initial conversion price over/to the reference closing price of shares on/prior to the date of the relevant agreement as referred to in the relevant initial announcement in respect of the CB Comparables respectively (Approximately)	Premium/(Discount) represented by initial conversion price over/to the reference 5-day average closing price of shares as referred to in the relevant initial announcement in respect of the CB Comparables respectively (Approximately)
17 October 2012	Fava International Holdings Limited	8108	HK\$0.0673	Nil	20.18%	5.82%
17 October 2012	Dingyi Group Investment Limited	508	HK\$0.2200	2.00%	(6.40)%	(2.20)%
			Minimum	Nil	(45.95)%	(20.16)%
			Maximum	42.00%	20.18%	16.01%
			Mean	6.67%	(6.89)%	(4.88)%

As illustrated in the table above, (i) the reference closing price of shares on/prior to the relevant agreement as referred to in the relevant initial announcement in respect of the CB Comparables respectively ranged from approximately a discount of 45.95% to a premium of approximately 20.18%, averaging a discount of 6.89%; and (ii) the reference 5-day average closing price of shares as referred to in the relevant initial announcement in respect of the CB Comparables respectively ranged from a discount of approximately 20.16% to a premium of approximately 16.01%, averaging a discount of 4.88% (the “**Conversion Price Ranges**”). Taking into account the average discounts of the Conversion Price Ranges, given the initial Conversion Price represents premium over the closing price of the Shares as quoted on the Stock Exchange on the Agreement Date of approximately 3.80% and the average closing price of the Shares for the last five consecutive trading days immediately before the Agreement Date of approximately 3.02%, which are within the Conversion Price Ranges, we consider that the initial Conversion Price is on normal commercial terms and fair and reasonable.

---

## LETTER FROM NUADA LIMITED

---

Furthermore, out of the nine CB Comparables, seven of which are interest bearing. The interest rates of the CB Comparable range from 0% to 42% per annum (the “**Interest Range**”), averaging 6.67% per annum. Accordingly, we consider that the issues of interest-bearing convertible bonds are not uncommon in the market, and the interest rate of 5% per annum of the Convertible Bond is within and below the average of the Interest Range. As such, we consider that the interest rate of 5% per annum of the Convertible Bond is on normal commercial terms and fair and reasonable.

### **Potential dilution on shareholdings of the Company**

Reference is made to the shareholding structure of the Company as stated in the section headed “Shareholding Table” in the Board’s Letter illustrating hypothetical dilution effects on shareholdings of the Company after completion of the Shares Subscription and the CB Subscription and assuming full conversion of the 2014 CB, the 2015 CB and the Convertible Bond (absent of other changes).

As at the date of the Latest Practicable Date, Ocean Line and its associates in aggregate held (i) 1,050,988,862 Shares, representing approximately 14.55% of the entire issued share capital of the Company; (ii) 2014 CB with a principle amount of HK\$95,940,000; (iii) 2015 CB with a principal amount of HK\$78,000,000; and (iv) Bond B with a principal amount of HK\$78,000,000. As disclosed in the Board’s Letter, the aggregate interests of Ocean Line and its associates shall not exceed 14.9% of the issued share capital of the Company unless prior approval from FIRB has been obtained. In addition, pursuant to the terms of the Convertible Bond, in the event that the holder of the Convertible Bond holds the 2014 CB or the 2015 CB, the conversion rights of the Convertible Bond shall not be exercisable unless and until the conversion rights of the 2014 CB and the 2015 CB have been exercised in full or the holder has transferred all its interest in the 2014 CB and the 2015 CB to an independent third party. Such term of the Convertible Bond, to a certain extent, restricts the conversion of the Convertible Bond which would cause dilution effects on the shareholdings of the Company.

Furthermore, pursuant to the terms of the Convertible Bond, lock-up undertaking given by the bondholder to the Company is in place, details of which are set out in the Board’s Letter. We consider that such lock-up undertaking, which restricts the transfer of the Convertible Bond and the Conversion Shares for the period of one year from the Issue Date, would avoid immediate disposal of the Conversion Shares which might affect the market price of the Shares.

---

## LETTER FROM NUADA LIMITED

---

Notwithstanding the potential dilution effect on the shareholdings of the Company upon exercising of the conversion rights attaching to the Convertible Bond, taking into account (i) the CB Subscription is beneficial to the Group in maintaining its liquidity level for the business operations and development of the Group with lessened interest expense burden, and any conversion of the Convertible Bond into Conversion Shares would release the Company from the repayment obligations for the converted parts of the Convertible Bond and broaden the capital base of the Company; (ii) the premium represented by the initial Conversion Price to the closing price of the Shares as quoted on the Stock Exchange on the Agreement Date and the average closing price of the Shares as quoted on the Stock Exchange for the last five consecutive trading days immediately before the Agreement Date, which are within the Conversion Price Ranges, as detailed above; and (iii) the restrictions on conversion of the Convertible Bond, and transfer of the Convertible Bond and the Conversion Shares, according to the terms of the Convertible Bond as mentioned above, we consider that the CB Subscription is in the interests of the Company and the Shareholders as a whole, and the terms of the Convertible Bond are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

### **Recommendation**

Taking into account the principal factors and reasons mentioned above, we are of the view that the CB Subscription is in the interests of the Company and the Shareholders as a whole and the terms of the Convertible Bond are fair and reasonable and on normal commercial terms. We, therefore, advise the Independent Board Committee to recommend the Independent Shareholders, and the Independent Shareholders, to vote in favour of the relevant resolution(s) to be proposed at the SGM to approve the CB Subscription Agreement and the transactions contemplated thereunder.

Yours faithfully,  
For and on behalf of  
**Nuada Limited**  
**Po Chan**  
*Executive Director*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately following completion of the Shares Subscription, the CB Subscription and the Conversion (absent any other changes) will be as follows:

<b>Authorised</b>	<i>HK\$</i>
10,000,000,000 Shares as at the Latest Practicable Date	<u><u>1,000,000,000.00</u></u>
<b>Issued and fully paid</b>	<i>HK\$</i>
7,224,094,327 Shares as at the Latest Practicable Date	722,409,432.70
190,243,902 Subscription Shares to be issued	19,024,390.20
190,243,902 Conversion Shares to be issued assuming full Conversion	<u>19,024,390.20</u>
	<u><u>760,458,213.10</u></u>

As at the Latest Practicable Date, the 2014 CB with a principal amount of HK\$95,940,000 and the 2015 CB with a principal amount of HK\$78,000,000 were outstanding. The 2014 CB due on 10 January 2014 is convertible into 159,900,000 new Shares at the prevailing conversion price of HK\$0.60 per Share while the 2015 CB due on 19 April 2015 is convertible into 130,000,000 new Shares at the prevailing conversion price of HK\$0.60 per Share. Unless prior approval from FIRB has been obtained, conversion of the 2014 CB and/or the 2015 CB can only take place if the holder of the 2014 CB or 2015 CB (and/or its associates as defined under section 6 of FATA) will not be interested in more than 14.9% of the then enlarged issued share capital of the Company. Further details in respect of the terms of the 2014 CB and the 2015 CB are set out in the Company's circulars dated 15 December 2011 and 27 March 2012 respectively.

As at the Latest Practicable Date, the following options were outstanding:

- (a) 15,000,000 ASX-listed options, expiring on 30 September 2014 with an exercise price of AUD0.2 per Share; and
- (b) 209,100,000 unlisted options as follows:
  - (i) 8,500,000 share options, expiring on 17 January 2014 with an exercise price of HK\$1.164 per Share;
  - (ii) 27,000,000 share options, expiring on 10 February 2014 with an exercise price HK\$1.240 per Share;
  - (iii) 39,000,000 share options, expiring on 10 November 2013 with an exercise price HK\$2.00 per Share;
  - (iv) 50,000,000 share options, expiring on 31 December 2014 with an exercise price HK\$0.72 per Share; and
  - (v) 84,600,000 share options, expiring on 13 December 2015 with an exercise price HK\$0.72 per Share.

### 3. DISCLOSURE OF INTERESTS

#### (a) Disclosure of interests of Directors

As at the Latest Practicable Date, the interests of the Directors or chief executives of the Company in the Shares and the underlying Shares and any shares and underlying shares of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:



*Long position in the Shares and the underlying Shares*

Name of Director	Capacity	Number of Shares held	Number of underlying Shares	Number of share options held	Approximate percentage of the issued share capital of the Company as at the Latest Practicable Date
Mr. Kwai Sze Hoi	Jointly (Note 1)	60,720,000		—	0.84%
	Interests of controlled corporation (Note 1)	990,268,862	480,143,902	—	20.35%
Mr. Ross Stewart Norgard	Beneficial owner	64,569,834		—	0.89%
	Interests of controlled corporation	178,484,166		—	2.47%
Mr. Warren Talbot Beckwith	Beneficial owner	—		13,500,000	0.19%
Mr. Luk Kin Peter Joseph	Beneficial owner	—		89,000,000	1.23%
	Interests of controlled corporation (Note 2)	387,032,276		—	5.36%
Mr. Chan Kam Kwan, Jason	Beneficial owner	—		6,500,000	0.09%
Mr. Chu Chung Yue Howard	Beneficial owner	—		20,000,000	0.28%

Name of Director	Capacity	Number of Shares held	Number of underlying Shares	Number of share options held	Approximate percentage of the issued share capital of the Company as at the Latest Practicable Date
Mr. Lau Kwok Kuen, Eddie	Beneficial owner	—		2,000,000	0.03%
Mr. Uwe Henke Von Parpart	Beneficial owner	—		2,000,000	0.03%
Mr. Yip Kwok Cheung Danny	Beneficial owner	—		2,000,000	0.03%

*Notes:*

1. The 990,268,862 Shares and 480,143,902 underlying Shares to be issued upon conversion of the 2014 CB, the 2015 CB and the Convertible Bond to be issued under the CB Subscription Agreement were held by Ocean Line, a company held as to 60% by Mr. Kwai Sze Hoi and as to 40% by Ms. Cheung Wai Fung (Mr. Kwai's spouse). In addition, Mr. Kwai and Ms. Cheung have a joint direct interest in 60,720,000 Shares.
2. The 387,032,276 Shares represented (i) 135,824,000 Shares held by Equity Valley Investments Limited; (ii) 103,448,276 Shares held by Pridelful Future Investments Limited; and (iii) 147,760,000 Shares held by Villas Green Investments Limited. The aforesaid three companies are wholly-owned by The XSS Group Limited, of which 50%, 20% and 30% of its issued share capital are held by Mr. Luk Kin Peter Joseph, Ms. Cheung Sze Wai, Catherine (Mr. Luk's spouse) and Ms. Chong Yee Kwan (Mr. Luk's mother) respectively.

Apart from the above, as at the Latest Practicable Date, there was no interest of the Directors or chief executives of the Company in the Shares and the underlying Shares of the Company and any shares and underlying shares of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or

which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

**(b) Substantial Shareholders**

As at the Latest Practicable Date, so far as is known to the Directors, the persons (not being a Director or chief executive of the Company) who had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

**Long positions in the Shares and the underlying Shares**

Name	Nature of interest	Number of Shares or underlying Shares	Approximate % of the issued share capital of the Company as at the Latest Practicable Date
Ocean Line <i>(Note 1)</i>	Beneficial owner	1,470,412,764	20.35%
Cheung Wai Fung <i>(Note 1)</i>	Beneficial owner and interest in controlled corporation	1,531,132,764	21.19%
The XSS Group Limited <i>(Note 2)</i>	Interest in controlled corporation	387,032,276	5.36%
Cheung Sze Wai <i>(Note 2)</i>	Interest of spouse and interest in controlled corporation	476,032,276	6.59%
China Guoyin <i>(Note 3)</i>	Beneficial owner	511,904,972	7.09%
Zhu Yicai <i>(Note 3)</i>	Interest in controlled corporations	524,432,972	7.26%

*Notes:*

1. Ocean Line is owned as to 60% by Mr. Kwai Sze Hoi and as to 40% by his spouse, Ms. Cheung Wai Fung. Ocean Line's interests comprised (i) 990,268,862 Shares; (ii) 289,900,000 underlying Shares in respect of the 2014 CB and the 2015 CB; and (iii) 190,243,902 underlying Shares in respect of the Convertible Bond to be issued to Ocean Line subject to the CB Subscription Agreement. Mr. Kwai and Ms. Cheung in addition jointly held 60,720,000 Shares. Mr. Kwai is a director of Ocean Line.
2. These 387,032,276 Shares represented (i) 135,824,000 Shares held by Equity Valley Investments Limited; (ii) 103,448,276 Shares held by Pridelful Future Investments Limited; and (iii) 147,760,000 Shares held by Villas Green Investments Limited. The aforesaid three companies are wholly owned by The XSS Group Limited, of which 50%, 20% and 30% of its issued share capital are held by Mr. Luk Kin Peter Joseph, Ms. Cheung Sze Wai (Mr. Luk's spouse) and Ms. Chong Yee Kwan (Mr. Luk's mother) respectively. Mr. Luk is a director of The XSS Group Limited. Ms. Cheung Sze Wai is also deemed to be interested in 89,000,000 underlying Shares in relation to share options held by Mr. Luk.
3. China Guoyin is wholly owned by Mr. Zhu Yicai. China Guoyin's interests comprised (i) 321,661,070 Shares and (ii) 190,243,902 Subscription Shares to be issued to China Guoyin under the Shares Subscription. Mr. Zhu in addition held 12,528,000 Shares through Smart Effort Investments Limited, a company wholly owned by him.

Save as disclosed above, there was no person (not being a Director or chief executive of the Company) known to the Directors, who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

#### **4. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into any service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

#### **5. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENT SIGNIFICANT TO THE GROUP**

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired, disposed of by or leased to or which were proposed to be acquired, disposed of by or leased to any member of the Group, since 30 June 2012, the date to which the latest published audited financial statements of the Group were made up.

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which a Director was materially interested and which was significant in relation to the business of the Group.

## 6. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors and their respective associates were interested in any business apart from the Group's businesses which competed or was likely to compete, either directly or indirectly, with the Group's businesses as required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

## 7. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given opinions or advice contained or mentioned in this circular:

<b>Name</b>	<b>Qualification</b>
Nuada Limited	a licensed corporation to conduct type 6 (advising on corporate finance) regulated activity under the SFO

Nuada has given, and has not withdrawn, its written consent to the issue of this circular with the inclusion of its letter of advice and references to its name in the form and context in which they appear.

As at the Latest Practicable Date, Nuada was not beneficially interested in the share capital of any member of the Group nor did it have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group and did not have any direct or indirect interest in any assets which had been acquired, disposed of by or leased to or which were proposed to be acquired, disposed of by or leased to any member of the Group, since 30 June 2012, the date to which the latest published audited financial statements of the Group were made up.

## 8. NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there had been no material adverse change in the financial or trading position or prospect of the Group since 30 June 2012, the date to which the latest published audited consolidated financial statements of the Group were made up.

**9. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours at the office of the Company at Suites 3812-13, 38/F Two International Finance Centre, 8 Finance Street, Central, Hong Kong for the period of 14 days from the date of this circular:

- (a) the Shares Subscription Agreement; and
- (b) the CB Subscription Agreement.

**10. MISCELLANEOUS**

- (a) The secretary of the Company is Chan Kam Kwan, Jason. Mr. Chan is a member of the American Institute of Certified Public Accountants.
- (b) The Hong Kong branch share registrar of the Company is Tricor Secretaries Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong while the Australia branch share registrar of the Company is Computershare Investor Services Pty Limited, Level 2, 45 St Georges Terrace, Perth, WA 6000, Australia.
- (c) The English text of this circular shall prevail over the Chinese text, in case of any inconsistency.

# BROCKMAN

## BROCKMAN MINING LIMITED

### 布萊克萬礦業有限公司\*

(Formerly WAH NAM INTERNATIONAL HOLDINGS LIMITED 華南投資控股有限公司)

*(incorporated in Bermuda with limited liability)*

**(SEHK stock code: 159)**

**(ASX stock code: BCK)**

## NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a special general meeting (the “SGM”) of Brockman Mining Limited (the “**Company**”) will be held at Suites 3812-13, 38/F Two International Finance Centre, 8 Finance Street, Central, Hong Kong on Tuesday, 8 January 2013 at Hong Kong time 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions with or without amendments:

### ORDINARY RESOLUTIONS

1. “**THAT**

- (a) the execution of the conditional shares subscription agreement dated 2 November 2012 (the “**Shares Subscription Agreement**”, a copy of which is marked “A” and initialled by the chairman of the SGM for identification purpose and tabled at the SGM) made between the Company (as issuer) and China Guoyin Investments (HK) Ltd. (as subscriber) (the “**Subscriber**”), pursuant to which the Subscriber has agreed to subscribe for 190,243,902 shares of HK\$0.10 each in the capital of the Company (“**Subscription Shares**”), and all transactions contemplated thereunder be and are hereby approved, ratified and confirmed;
- (b) the allotment and issue of the Subscription Shares to the Subscriber pursuant to the terms of the Shares Subscription Agreement be and are hereby approved; and
- (c) the directors of the Company (“**Directors**”) or a duly authorised committee of the board of Directors (“**Board**”) be and are hereby authorised to do all such acts and things (including, without limitation, signing, executing (under hand or under seal), perfecting and delivery of all agreements, documents and instruments) which are in their opinion, necessary, appropriate, desirable or expedient to implement or to give effect to the terms of the Shares

\* for identification purpose only

---

## NOTICE OF SGM

---

Subscription Agreement and all transactions contemplated thereunder and all other matters incidental thereto or in connection therewith and to agree to and make such variation, amendment and waiver of any of the matters relating thereto or in connection therewith that are, in the opinion of the Directors, not material to the terms of the Shares Subscription Agreement and all transactions contemplated thereunder and are in the interests of the Company.”

2. “**THAT**

- (a) the execution of the conditional subscription agreement dated 2 November 2012 (the “**CB Subscription Agreement**”, a copy of which is marked “B” and initialled by the chairman of the SGM for identification purpose and tabled at the SGM) made between the Company (as issuer) and Ocean Line Holdings Limited (as subscriber) (the “**CB Subscriber**”), pursuant to which the CB Subscriber has agreed to subscribe for a convertible bond in the aggregate principal amount of HK\$78,000,000 (the “**Convertible Bond**”) to be issued by the Company, and all transactions contemplated thereunder be and are hereby approved, ratified and confirmed;
- (b) for the purposes of Rule 10.11 of the listing rules of ASX Limited (“**ASX Listing Rules**”) and for all other purposes, the issue by the Company of the Convertible Bond to the CB Subscriber pursuant to the terms and conditions of the CB Subscription Agreement, as described in the letter from the Board and the explanatory memorandum set out in the Company’s circular dated 3 December 2012, be and are hereby approved;
- (c) the allotment and issue of shares in the capital of the Company upon the exercise of the conversion rights attaching to the Convertible Bond be and are hereby approved; and
- (d) the Directors or a duly authorised committee of the Board be and are hereby authorised to do all such acts and things (including, without limitation, signing, executing (under hand or under seal), perfecting and delivery of all agreements, documents and instruments) which are in their opinion, necessary, appropriate, desirable or expedient to implement or to give effect to the terms of the CB Subscription Agreement and all transactions contemplated thereunder and all other matters incidental thereto or in connection therewith and to agree to and make such variation, amendment and waiver of any of the matters relating thereto or in connection therewith that are, in the opinion of the Directors, not material to the terms of the CB Subscription Agreement and all transactions contemplated thereunder and are in the interests of the Company.”



---

## NOTICE OF SGM

---

**Voting Exclusion Statement for Resolution 2:** In accordance with ASX Listing Rules 10.13 and 14.11, the Company will disregard any votes cast on Resolution 2 by the CB Subscriber and any person who may obtain a benefit, except a benefit solely in the capacity of a shareholder of the Company, if Resolution 2 is passed and their respective Associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or is cast by the person chairing the SGM as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides. Pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, Ocean Line (the CB Subscriber) and its associates shall abstain from voting on Resolution 2.

By order of the Board  
**Brockman Mining Limited**  
**Luk Kin Peter Joseph**  
*Chief Executive Officer*

Hong Kong, 3 December 2012

*Registered office:*  
Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

*Head office and principal place of business  
in Hong Kong:*  
Suites 3812-13  
38/F Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

---

## NOTICE OF SGM

---

*Notes:*

1. A member entitled to attend and vote at the SGM is entitled to appoint one or more than one proxy to attend and, subject to the provisions of the bye-laws of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the SGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. A form of proxy for use at the SGM is enclosed. Whether or not you intend to attend the SGM in person, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the SGM or any adjournment thereof, should he so wish.
3. **If your shares in the Company are recorded under the Company's Hong Kong share registrar or the Company's Bermuda principal share registrar, please complete the Hong Kong proxy form and return it, together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited. Please read and follow the instructions, including the deadline, on the Hong Kong proxy form to lodge the form.**

**If your shares in the Company are recorded under the Company's Australia share registrar, please complete the Australia proxy form and return it, together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, to the Company's branch share registrar in Australia, Computershare Investor Services Pty Limited. Please read and follow the instructions, including the deadline, on the Australia proxy form to lodge the form. You can appoint up to two proxies by lodging the Australia proxy form. Should you wish to appoint more proxies, please fax your written request to the Company at +852 3978 2800 no later than 10:00 a.m. Australian Western Standard Time on 6 January 2013.**

---

## EXPLANATORY MEMORANDUM PREPARED IN ACCORDANCE WITH ASX LISTING RULES

---

This Explanatory Memorandum, the notice of SGM and the circular dated 3 December 2012 (the “**Circular**”) are important documents. They should be read carefully.

This Explanatory Memorandum forms part of the Circular. Capitalised terms used herein shall have the same meaning as those defined in the Circular unless stated otherwise.

This Explanatory Memorandum also forms part of the notice of SGM set out on pages 37 to 40 of the Circular. It should be read in conjunction with the notice of SGM and the Resolutions therein.

If you have any questions regarding the matters set out in this Explanatory Memorandum or the ensuing notice of SGM, please contact the Company, your financial adviser, stockbroker or solicitor.

### **RESOLUTION 2 — PROPOSED ISSUE OF CONVERTIBLE BOND TO OCEAN LINE**

#### **1. Background to Resolution 2**

Please refer to pages 5 to 6, and 9 to 15 of the letter from the Board contained in the Circular (“**Letter from the Board**”) for details of the background to Resolution 2.

#### **2. ASX Listing Rule 10.11**

ASX Listing Rule 10.11 requires Shareholder approval by ordinary resolution to any issue, or agreement to issue, by an ASX listed company of equity securities to a related party, or a person whose relationship with the ASX-listed company or a related party of the ASX listed company is, in ASX’s opinion, such that approval should be obtained (unless an exception in ASX Listing Rule 10.12 applies).

Ocean Line is a “related party” of the Company as it is controlled by Mr. Kwai Sze Hoi (a Director, and therefore a related party, of the Company). Mr. Kwai Sze Hoi owns 60% of Ocean Line, with the other 40% owned by his spouse, Ms. Cheung Wai Fung.

The exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought under ASX Listing Rule 10.11 for the issue of the Convertible Bond to Ocean Line.

---

## EXPLANATORY MEMORANDUM PREPARED IN ACCORDANCE WITH ASX LISTING RULES

---

### 3. ASX Listing Rule 7.1

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Convertible Bond or the Conversion Shares to Ocean Line as the Company has been granted a continuing waiver of ASX Listing Rule 7.1 by ASX.

### 4. ASX Listing Rule requirements

ASX Listing Rule 10.13 sets out a number of matters which must be included in a notice of meeting requesting shareholder approval under ASX Listing Rule 10.11. For the purposes of ASX Listing Rule 10.13, the following information is provided to Shareholders with respect to the issue of the Convertible Bond:

- (a) the Convertible Bond will be issued to Ocean Line;
- (b) a maximum of 1 Convertible Bond will be issued to Ocean Line. The maximum number of Conversion Shares to be issued to Ocean Line upon conversion of the Convertible Bond is 190,243,902 Conversion Shares, based on the Conversion Price of HK\$0.41 per Conversion Share;
- (c) if Resolution 2 is approved by Independent Shareholders, the Convertible Bond will be issued no later than 1 month after the date of the SGM, or such longer period as ASX may approve;
- (d) Ocean Line is a “related party” of the Company as it is controlled by Mr. Kwai Sze Hoi (a Director, and therefore a related party, of the Company). Mr. Kwai Sze Hoi owns 60% of Ocean Line, with the other 40% owned by his spouse, Ms. Cheung Wai Fung;
- (e) the Convertible Bond is to be issued by the Company in the principal amount of HK\$78,000,000. The proposed issue of the Convertible Bond will be made pursuant to the terms and conditions set out at pages 9 to 15 of the Letter from the Board under the heading “CB Subscription”;
- (f) the issue of the Convertible Bond will raise approximately HK\$78,000,000. The intended use of the funds raised is set out at page 15 of the Letter from the Board under the heading “Reasons for and benefits of the transactions”; and

---

## EXPLANATORY MEMORANDUM PREPARED IN ACCORDANCE WITH ASX LISTING RULES

---

- (g) a voting exclusion statement with respect to Resolution 2 is included in both the notice of SGM and at paragraph 6 of this Explanatory Memorandum below.

### **5. Directors' Recommendation**

The Directors (other than Mr. Kwai Sze Hoi, who has declined to make a recommendation due to his position as representative of Ocean Line on the Board) recommends that Shareholders vote in favour of Resolution 2 for the reasons set out at page 15 of the Letter from the Board under the heading "Reasons for and benefits of the transactions" and at page 18 of the Letter from the Board under the heading "Recommendation".

### **6. Voting exclusion statement**

In accordance with ASX Listing Rules 10.13 and 14.11, the Company will disregard any votes cast on Resolution 2 by the CB Subscriber and any person who may obtain a benefit, except a benefit solely in the capacity of a Shareholder, if Resolution 2 is passed and their respective Associates.

However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or is cast by the person chairing the SGM as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.