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BROCKMAN

BROCKMAN MINING LIMITED

布萊克萬礦業有限公司*

(Incorporated in Bermuda with limited liability)
(SEHK stock code: 159)
(ASX stock code: BCK)

SUBSCRIPTION OF SHARES BY CHINA GUOYIN AND CONNECTED TRANSACTION SUBSCRIPTION OF SHARES BY OCEAN LINE

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 15 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in respect of the OL Shares Subscription (as defined herein) is set out on page 16 of this circular. A letter from Nuada Limited containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the OL Shares Subscription (as defined herein) is set out on pages 17 to 29 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 13 February 2014 at 10:00 a.m. is set out on pages 38 to 41 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

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DEFINITIONS

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

“ASX”	ASX Limited (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”	the unsecured bond due 28 November 2014 issued by the Company to Ocean Line with an outstanding principal amount of US\$4,000,000 (equivalent to approximately HK\$31,200,000) as at the Latest Practicable Date
“BRM”	Brockman Mining Australia Pty Ltd (formerly known as Brockman Resources Limited) ACN 009 372 150, a wholly-owned subsidiary of the Company
“BRM Offer”	the takeover offer which was launched by the Group in 2011 to acquire all the shares in BRM then not held by the Group and which closed on 14 June 2012
“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
“CG Shares Subscription”	the subscription of the CG Subscription Shares by China Guoyin pursuant to the CG Shares Subscription Agreement
“CG Shares Subscription Agreement”	the subscription agreement entered into between the Company and China Guoyin on 2 January 2014
“CG Subscription Completion Date”	the third Business Day after fulfillment (or waiver as applicable) of the conditions set out in the CG Shares Subscription Agreement or such other date as may be agreed in writing by the Company and China Guoyin

DEFINITIONS

“CG Subscription Price”	the price at which each CG Subscription Share will be issued, being HK\$0.40 per CG Subscription Share
“CG Subscription Shares”	the new Shares to be issued under the CG Shares Subscription
“China Guoyin”	China Guoyin Investment (HK) Ltd
“Company”	Brockman Mining 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
“Director(s)”	the director(s) of the Company
“Explanatory Memorandum”	the explanatory memorandum prepared in accordance with the ASX Listing Rules, as set out on pages 42 to 44 of this circular
“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. Yap Fat Suan, Henry, Mr. Uwe Henke Von Parpart and Mr. Yip Kwok Cheung, Danny, established for the purpose of advising the Independent Shareholders on the OL Shares Subscription
“Independent Shareholders”	holders of Shares other than China Guoyin and its associates for the purposes of the CG Shares Subscription or holders of Shares other than Ocean Line and its associates for the purposes of the OL Shares Subscription (as applicable)

DEFINITIONS

“Latest Practicable Date”	16 January 2014, 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
“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 OL Shares Subscription
“Ocean Line”	Ocean Line Holdings Limited
“OL Shares Subscription”	the subscription of the OL Subscription Shares by Ocean Line pursuant to the OL Shares Subscription Agreement
“OL Shares Subscription Agreement”	the subscription agreement entered into between the Company and Ocean Line on 2 January 2014
“OL Subscription Completion Date”	the third Business Day after the fulfillment (or waiver as applicable) of the conditions set out in the OL Shares Subscription Agreement or such other date as may be agreed in writing by the Company and Ocean Line
“OL Subscription Price”	the price at which each OL Subscription Share will be issued, being HK\$0.40 per OL Subscription Share
“OL Subscription Shares”	the new Shares to be issued under the OL Shares Subscription
“Perryville”	Perryville Group Limited, a wholly-owned subsidiary of the Company as at the Latest Practicable Date
“PRC”	the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“SGM”	the special general meeting to be convened and held by the Company on 13 February 2014 in relation to the CG Shares Subscription and the OL Shares Subscription
“Shareholder(s)”	holder(s) of any Share(s)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars
“%”	per cent

BROCKMAN

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布萊克萬礦業有限公司*

(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. 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. Warren Talbot Beckwith

*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. Yap Fat Suan, Henry

Mr. Uwe Henke Von Parpart

Mr. Yip Kwok Cheung, Danny

23 January 2014

To the Shareholders

Dear Sirs,

**SUBSCRIPTION OF SHARES BY CHINA GUOYIN
AND
CONNECTED TRANSACTION
SUBSCRIPTION OF SHARES BY OCEAN LINE**

INTRODUCTION

On 2 January 2014, the Company announced that it entered into (i) the CG Shares Subscription Agreement with China Guoyin and (ii) the OL Shares Subscription Agreement with Ocean Line pursuant to which the Company agreed to issue the CG Subscription Shares and the OL Subscription Shares to China Guoyin and Ocean Line respectively. Ocean Line is a substantial shareholder of the Company and is thus a connected person of the Company. As such, the OL Shares Subscription constitutes a connected transaction for the Company subject to Independent Shareholders' approval pursuant to the requirements

* for identification purpose only

LETTER FROM THE BOARD

of Chapter 14A of the Listing Rules and ASX Listing Rule 10.11. The Company will seek Independent Shareholders' approval for the OL Shares Subscription as well as the CG Shares Subscription.

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

CG SHARES SUBSCRIPTION

On 2 January 2014, the Company and China Guoyin entered into the CG Shares Subscription Agreement pursuant to which the Company agreed to issue and China Guoyin agreed to subscribe for the CG Subscription Shares at an aggregate subscription price of HK\$78 million.

Date

2 January 2014

Parties

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

As at the Latest Practicable Date, China Guoyin and its associates held 580,704,972 Shares, representing approximately 7.36% of the entire issued share capital of the Company. 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 CG Subscription Shares

The number of CG Subscription Shares shall be 195,000,000 new Shares (with an aggregate nominal value of HK\$19,500,000) representing (1) approximately 2.47% of the issued share capital of the Company as at the Latest Practicable Date; (2) approximately

LETTER FROM THE BOARD

2.41% of the issued share capital of the Company as enlarged by the allotment and issue of the CG Subscription Shares; and (3) approximately 2.33% of the issued share capital of the Company as enlarged by the allotment and issue of the CG Subscription Shares and the OL Subscription Shares.

Ranking of the CG Subscription Shares

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

CG Subscription Price

The CG Subscription Price is HK\$0.40 per CG Subscription Share which represents:

- (1) a discount of approximately 13.98% to the closing price of HK\$0.465 per Share as quoted on the Stock Exchange on 2 January 2014, being the date of the CG Shares Subscription Agreement;
- (2) a discount of approximately 16.49% to the average closing price per Share of approximately HK\$0.479 as quoted on the Stock Exchange for the last five consecutive trading days up to and including 31 December 2013, being the last trading day prior to the date of the CG Shares Subscription Agreement;
- (3) a discount of approximately 10.11% to the closing price per Share of HK\$0.445 as quoted on the Stock Exchange on the Latest Practicable Date; and
- (4) a premium of approximately 14.29% over the net asset value of the Company per Share of approximately HK\$0.35 based on the consolidated net asset value of the Company as at 30 June 2013 and the number of issued Shares as at the Latest Practicable Date.

The CG 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 CG Shares Subscription are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Conditions of the CG Shares Subscription

Completion of the CG Shares Subscription is conditional upon the following conditions being satisfied (or waived as applicable) by 6:00 p.m. on 14 February 2014 (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 CG Shares Subscription Agreement;
- (2) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the CG Subscription Shares;
- (3) the passing by the Independent Shareholders at the SGM of the relevant resolution approving the CG Shares Subscription Agreement and the transactions contemplated thereunder; and
- (4) there being (from the date of the CG Shares Subscription Agreement up till the time immediately prior to the CG 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 CG Shares Subscription

Completion shall take place on the CG Subscription Completion Date.

OL SHARES SUBSCRIPTION

On 2 January 2014, the Company and Ocean Line entered into the OL Shares Subscription Agreement pursuant to which the Company agreed to issue and Ocean Line agreed to subscribe for the OL Subscription Shares at an aggregate subscription price of HK\$117 million.

Date

2 January 2014

LETTER FROM THE BOARD

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 1,545,180,137 Shares, representing approximately 19.57% of the entire issued share capital of the Company. 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. As at the Latest Practicable Date, Mr. Kwai held 70,000,000 share options of the Company.

Number of OL Subscription Shares

The number of OL Subscription Shares shall be 292,500,000 new Shares (with an aggregate nominal value of HK\$29,250,000) representing (1) approximately 3.71% of the issued share capital of the Company as at the Latest Practicable Date; (2) approximately 3.57% of the issued share capital of the Company as enlarged by the allotment and issue of the OL Subscription Shares; and (3) approximately 3.49% of the issued share capital of the Company as enlarged by the allotment and issue of the OL Subscription Shares and the CG Subscription Shares.

Ranking of the OL Subscription Shares

The OL 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 OL Subscription Shares.

OL Subscription Price

The OL Subscription Price of HK\$0.40 per OL Subscription Share represents:

- (1) a discount of approximately 13.98% to the closing price of HK\$0.465 per Share as quoted on the Stock Exchange on 2 January 2014, being the date of the OL Shares Subscription Agreement;
- (2) a discount of approximately 16.49% to the average closing price per Share of approximately HK\$0.479 as quoted on the Stock Exchange for the last five consecutive trading days up to and including 31 December 2013, being the last trading day prior to the date of the OL Shares Subscription Agreement;
- (3) a discount of approximately 10.11% to the closing price per Share of HK\$0.445 as quoted on the Stock Exchange on the Latest Practicable Date; and

LETTER FROM THE BOARD

- (4) a premium of approximately 14.29% over the net asset value of the Company per Share of approximately HK\$0.35 based on the consolidated net asset value of the Company as at 30 June 2013 and the number of issued Shares as at the Latest Practicable Date.

The OL 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 OL Shares Subscription are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions of the OL Shares Subscription

Completion of the OL Shares Subscription is conditional upon the following conditions being satisfied (or waived as applicable) by 6:00 p.m. on 14 February 2014 (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 OL Shares Subscription Agreement;
- (2) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the OL Subscription Shares;
- (3) the passing by the Independent Shareholders at the SGM of the resolution approving the OL Shares Subscription Agreement and the transactions contemplated thereunder;
- (4) there being (from the date of the OL Shares Subscription Agreement up till the time immediately prior to the OL 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; and
- (5) Ocean Line having obtained prior approval from the FIRB in relation to holding 15% or more of the issued share capital of the Company, or such approval remaining valid.

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

LETTER FROM THE BOARD

On 15 February 2013, Ocean Line obtained an approval from the FIRB to acquire interest to hold up to 29.9% of the issued share capital of the Company. Such approval is valid for a period of 12 months and shall expire on 14 February 2014. If the OL Shares Subscription is not completed on or prior to the aforesaid expiry date, Ocean Line would be required to submit an application to the FIRB in relation to increasing its interests in the Company by way of the OL Shares Subscription.

Completion of the OL Shares Subscription

Completion shall take place on the OL Subscription Completion Date.

SPECIFIC MANDATES

The CG Subscription Shares and the OL Subscription Shares will be issued under specific mandates to be approved by the Independent Shareholders at the SGM.

LISTING APPLICATION

The Company has applied to the Stock Exchange for the listing of, and permission to deal in, the CG Subscription Shares and the OL Subscription Shares. The Company will apply for quotation of the CG Subscription Shares and the OL Subscription Shares on the ASX once they have been allotted.

USE OF PROCEEDS

Subject to obtaining Independent Shareholders' approval for the CG Shares Subscription, the proceeds will be used for the development of the Group's iron ore mining projects in Western Australia and for general working capital of the Group. The gross proceeds and the net proceeds of the CG Shares Subscription will be approximately HK\$78 million. The net issue price per CG Subscription Share based on the above net proceeds is approximately HK\$0.40.

Subject to obtaining Independent Shareholders' approval for the OL Shares Subscription, the Bond (which was issued by the Company to Ocean Line on 12 November 2013) shall be redeemed in full and the proceeds will be applied to subscribe for the OL Subscription Shares. The remaining proceeds from the issue of the OL Subscription Shares will be used for the development of the Group's iron ore mining projects in Western Australia and for general working capital of the Group. The gross proceeds and net proceeds of the OL Shares Subscription will be approximately HK\$117 million. The net issue price per OL Subscription Share based on the above net proceeds is approximately HK\$0.40.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The net proceeds from the CG Shares Subscription will be used for the development of the Group's iron ore mining projects in Western Australia and for general working capital of the Group.

The Bond was issued on 12 November 2013 to raise funds for the Group's general working capital. The Bond is unsecured, bears an interest rate of 10% and is due on 28 November 2014. Part of the net proceeds from the OL Shares Subscription amounting to HK\$31.2 million will be used to fully redeem the Bond thus effectively enabling the Company to replace the debt of the Bond with equity of the OL Subscription Shares improving the Group's gearing and saving future interest expense. On completion of the OL Shares Subscription and the redemption of the Bond which will take place simultaneously, Ocean Line shall pay to the Company the net subscription price of HK\$85.8 million (being the total subscription price of HK\$117 million net of the principal amount of the Bond of US\$4 million (equivalent to approximately HK\$31.2 million)) by way of cheque, cashier's order or bank funds transfer. Such net proceeds from the OL Shares Subscription of HK\$85.8 million will be used for the development of the Group's iron ore mining projects in Western Australia and for general working capital of the Group.

The Directors consider that the terms of the CG Shares Subscription are on normal commercial terms and are fair and reasonable and the CG Shares Subscription is in the interests of the Company and the Shareholders as a whole. The Directors (including the independent non-executive Directors) consider that the terms of the OL Shares Subscription are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP, CHINA GUOYIN AND OCEAN LINE

The Group is principally engaged in (i) exploration of iron ore mining projects in Western Australia; (ii) exploitation, processing and production of copper ore concentrates in the PRC; and (iii) provision of transportation services, which will cease after the completion of the Company's disposal of Perryville, details of which are set out in the Company's announcement dated 24 October 2013. As at the Latest Practicable Date, the aforesaid disposal had not been completed.

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.

LETTER FROM THE BOARD

SHAREHOLDING TABLE

	As at the		After completion of the		After completion of the		After completion of the	
	Latest Practicable Date		CG Shares Subscription		OL Shares Subscription		CG Shares Subscription and	
			(but before completion of		(but before completion of		the OL Shares Subscription	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Ocean Line and its associates	1,545,180,137	19.57	1,545,180,137	19.10	1,837,680,137	22.45	1,837,680,137	21.92
The XSS Group Limited and its subsidiaries (note 1)	387,032,276	4.90	387,032,276	4.78	387,032,276	4.73	387,032,276	4.62
Shimmer Expert Investments Limited (note 2)	179,548,000	2.27	179,548,000	2.22	179,548,000	2.19	179,548,000	2.14
Wander Profits Investments Limited (note 3)	86,668,000	1.10	86,668,000	1.07	86,668,000	1.06	86,668,000	1.03
Ross Stewart Norgard and Longfellow Nominees Pty Ltd (note 4)	243,054,000	3.08	243,054,000	3.01	243,054,000	2.97	243,054,000	2.90
Parklane International Holdings Limited (note 5)	27,592,592	0.35	27,592,592	0.34	27,592,592	0.34	27,592,592	0.33
<i>Public Shareholders</i>								
China Guoyin and its associates	580,704,972	7.36	775,704,972	9.59	580,704,972	7.09	775,704,972	9.25
Other public Shareholders	4,844,702,154	61.37	4,844,702,154	59.89	4,844,702,154	59.17	4,844,702,154	57.81
	<u>7,894,482,131</u>	<u>100.00</u>	<u>8,089,482,131</u>	<u>100.00</u>	<u>8,186,982,131</u>	<u>100.00</u>	<u>8,381,982,131</u>	<u>100.00</u>

Notes:

- These Shares are held by Equity Valley Investments Limited. Equity Valley Investments Limited is held by The XSS Group Limited, of which 50%, 20% and 30% of its issued share capital were held 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.
- These Shares are held by Shimmer Expert Investments Limited, which is wholly beneficially owned by Groom High Investments Limited. Groom High Investments Limited is wholly beneficially owned by Ms. Zhang Li, a director of a subsidiary of the Company.
- These Shares are held by Wander Profits Investments Limited, whose beneficial interest is wholly owned by Ms. Zhang Rui, the sister of Ms. Zhang Li (a director of a subsidiary of the Company).
- 64,569,834 Shares are held by Mr. Ross Stewart Norgard (a non-executive Director) directly and 178,484,166 Shares are held by Longfellow Nominees Pty Ltd (100% owned by Mr. Norgard).

LETTER FROM THE BOARD

5. These Shares are held by Parklane International Holdings Limited, whose beneficial interest is wholly owned by Mr. Leung Chi Yan, a director of Perryville and its subsidiaries. As announced by the Company on 24 October 2013, the Company entered into an agreement to dispose of its entire equity interest in Perryville, and the loan due to the Company, to Mr. Leung Chi Yan. As at the Latest Practicable Date, the aforesaid disposal had not been completed.

FUNDRAISING 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 date of the Company's announcement regarding the CG Shares Subscription and the OL Shares Subscription:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual application of the net proceeds
2 November 2012 (the fundraising was completed on 9 January 2013)	Issue of new Shares	HK\$78 million	To replace the bond issued by the Company to China Guoyin on 21 September 2012 whose entire proceeds were used to finance the expenses related to the BRM Offer and for further development of the Marillana iron ore project owned by BRM.	All of the net proceeds from the issue of the new Shares were used to replace the bond (in its entirety) issued by the Company to China Guoyin on 21 September 2012.
2 November 2012 (the fundraising was completed on 9 January 2013)	Issue of convertible bonds	HK\$78 million	To replace the bond issued by the Company to Ocean Line on 21 September 2012 whose entire proceeds were used to finance the expenses related to the BRM Offer and for further development of the Marillana iron ore project owned by BRM.	All of the net proceeds from the issue of the convertible bonds were used to replace the bond (in its entirety) issued by the Company to Ocean Line on 21 September 2012.

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 OL Shares 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's resolution in relation to the OL Shares Subscription. Mr. Liu Zhengui (being a non-executive Director and Vice Chairman of the Company) is a director of a company controlled by the beneficial owner of China Guoyin. In view of the aforesaid, Mr. Liu has abstained from voting on the Board's resolution in relation to the CG Shares Subscription.

Ocean Line and its associates who in aggregate held 1,545,180,137 Shares (approximately 19.57% 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 OL Shares Subscription. China Guoyin and its associates who in aggregate held 580,704,972 Shares (approximately 7.36% 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 CG Shares Subscription. The CG Shares Subscription Agreement and the OL Shares Subscription Agreement are not inter-conditional. Ocean Line and China Guoyin are not associates of each other under Chapter 14A of the Listing Rules.

RECOMMENDATION

The Board considers the terms of the CG Shares Subscription are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole and recommend the Independent Shareholders to vote in favour of the resolution to approve the CG 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 OL Shares Subscription are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and the OL Shares 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 OL Shares Subscription and the transactions contemplated thereunder. The text of the letter from the Independent Board Committee is set out on page 16 of this circular.

By order of the Board
Brockman Mining Limited
Chan Kam Kwan, Jason
Company Secretary

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 OL Shares 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*

(Incorporated in Bermuda with limited liability)

(SEHK stock code: 159)

(ASX stock code: BCK)

23 January 2014

To the Independent Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION SUBSCRIPTION OF SHARES BY OCEAN LINE

We refer to the circular of the Company dated 23 January 2014 (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 OL Shares 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 17 to 29 of the Circular. Your attention is also drawn to the letter from the Board in the Circular.

Having considered the terms of the OL Shares Subscription and the advice of Nuada, in particular the principal factors and reasons set out in its letter on pages 17 to 29 of the Circular, we consider that the terms of the OL Shares Subscription are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and the OL Shares 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 OL Shares Subscription.

Yours faithfully,
Independent Board Committee

Yap Fat Suan, Henry
Independent
non-executive Director

Uwe Henke Von Parpart
Independent
non-executive Director

Yip Kwok Cheung, Danny
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 OL Shares Subscription Agreement which has been prepared for inclusion in this circular.

Nuada Limited

Corporate Finance Advisory

Unit 1805-08, 18/F, New Victory House,
93-103 Wing Lok Street,
Sheung Wan, Hong Kong
香港上環永樂街93-103號
樹福商業大廈18樓1805-08室

23 January 2014

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

Dear Sirs,

CONNECTED TRANSACTION — SUBSCRIPTION OF SHARES BY OCEAN LINE

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 OL Shares 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 23 January 2014 (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.

On 2 January 2014, the Company and Ocean Line entered into the OL Shares Subscription Agreement pursuant to which the Company agreed to issue and Ocean Line agreed to subscribe for 292,500,000 Shares at an aggregate subscription price of HK\$117 million.

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 OL Shares 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 OL Shares 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 OL Shares 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 OL Shares 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 OL Shares 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 OL Shares 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 OL Shares Subscription Agreement.

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

LETTER FROM NUADA LIMITED

with the OL Shares 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 OL Shares Subscription

The Group is principally engaged in (i) exploration of iron ore mining projects in Western Australia; and (ii) exploitation, processing and production of copper ore concentrates in the PRC. For reference purpose, the Group announced that it proposed to dispose the Perryville Group Limited (a wholly-owned subsidiary of the Company). Upon completion of the disposal of Perryville, the Group will cease to engaged in the provision of transportation services, details of which were disclosed in the announcement dated 24 October 2013, the circular dated 25 November 2013 of the Company and the poll result announcement of the Company dated 9 January 2014. As at the Latest Practicable Date, the proposed disposal of Perryville has not completed.

On 2 January 2014, the Company and Ocean Line entered into the OL Shares Subscription Agreement pursuant to which the Company agreed to issue and Ocean Line agreed to subscribe for 292,500,000 Shares at an aggregate subscription price of HK\$117 million. In the event that the Independent Shareholders approve the OL Shares Subscription, the Bond (which was issued by the Company to Ocean Line on 12 November 2013) shall be redeemed in full and the proceeds from the redemption will be applied to subscribe for the OL Subscription Shares. The Bond was issued to raise funds for the Group's general working capital. The Bond, with an outstanding principal amount of US\$4,000,000 (equivalent to approximately HK\$31,200,000) as at the Latest Practicable Date, is unsecured, bears an interest rate of 10% and is due on 28 November 2014. Accordingly, the OL Shares Subscription would effectively enable the Company to replace the debt of the Bond with equity of the OL Subscription Shares improving the Group's gearing and saving future interest expense. The remaining proceeds from the issue of the OL Subscription Shares will be used for the development of the Group's iron ore mining projects in Western Australia and for general working capital.

For information purpose only, on the same date (i.e. 2 January 2014), the Company and China Guoyin entered into the CG Shares Subscription Agreement pursuant to which the Company agreed to issue and China Guoyin agreed to subscribe for 195,000,000 Shares at an aggregate subscription price of HK\$78 million, the proceeds from which will be used

LETTER FROM NUADA LIMITED

for the development of the Group's iron ore mining projects in Western Australia and for general working capital of the Group, details of which are set out in the Board's Letter.

Based on the foregoing, we consider that the OL Shares Subscription would enable the Group to reduce its liabilities and interest burden, enlarge its capital base and maintain its liquidity level for financing the Group's iron ore mining projects in Western Australia and for general working capital.

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 the 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 considerable discount to the prevailing market price of the Shares in order to attract potential investors and/or the underwriter taking into account the size of the fund under the OL Shares Subscription and the trading volume of the Shares during the Review Period (as defined under the section headed "Principal Terms of the OL Shares Subscription"). Furthermore, it is considered that the OL Shares Subscription is an effective and efficiency mean as the time and costs to be involved are substantially less than the open offer or rights issue of new Shares which will incur relevant transaction cost, such as underwriting commission.

Financial information of the Group

Reference is made to the annual report 2013 of the Company (the "Annual Report 2013"). The financial results of the Group for the twelve months ended 30 June 2013 and 30 June 2012 respectively are summarised as follows:

	For the twelve months ended	
	30 June	
	2013	2012
	HK\$'000	HK\$'000
	(audited)	(audited)
Revenue		
Mining operations in the PRC	50,298	20,806
Mineral tenements in Australia	—	—
Transportation services (<i>Note 1</i>)	108,258	112,006
	<hr/>	<hr/>
	158,556	132,812

LETTER FROM NUADA LIMITED

	For the twelve months ended	
	30 June	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)
Gross profit	13,523	13,984
Loss before income tax	(476,064)	(2,875,791)
Income tax (expenses)/credit	<u>(778)</u>	<u>719,228</u>
Loss for the year	<u>(476,842)</u>	<u>(2,156,563)</u>
Other comprehensive loss (Note 2)	<u>(227,888)</u>	<u>(294,443)</u>
Total comprehensive loss for the year	<u>(704,730)</u>	<u>(2,451,006)</u>
Loss for the year attributable to:		
Equity holders of the Company	(449,384)	(2,045,841)
Non-controlling interests	<u>(27,458)</u>	<u>(110,722)</u>
	<u>(476,842)</u>	<u>(2,156,563)</u>
Comprehensive loss for the year attributable to:		
Equity holders of the Company	(678,775)	(2,244,857)
Non-controlling interests	<u>(25,955)</u>	<u>(206,149)</u>
	<u>(704,730)</u>	<u>(2,451,006)</u>

Notes:

1. Being a business to be disposed upon completion of the disposal of Perryville Group Limited (a wholly-owned subsidiary of the Company). Upon completion of the disposal of Perryville, the Group will cease to be engaged in the provision of transportation services, details of which were disclosed in the announcement dated 24 October 2013, the circular dated 25 November 2013 of the Company and poll result announcement of the Company dated 9 January 2014.
2. The other comprehensive loss comprised exchange differences arising on translation of foreign operations, change in fair value on available-for-sale investments (net of tax) and/or release of available-for-sale investments reserves upon disposal of available-for-sale investments (net of tax), details of which are set out in the Annual Report 2013.

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3. To coincide with the financial year end date of the Company's principal operating subsidiaries, which is mainly situated in Western Australia, the financial year end date of the Company has been changed from 31 December to 30 June. The Company has presented the consolidated statements of comprehensive income, changes in equity and cash flows for the twelve months ended 30 June 2012 as comparative figures in the Annual Report 2013. Please refer to the Annual Report 2013 for details.

For the twelve months ended 30 June 2013, the Group recorded audited revenue of approximately HK\$158.6 million, consisting of approximately HK\$50.3 million from mining operations in the PRC, and approximately HK\$108.3 million from the provision of transportation services (being a business of the Group to be disposed as detailed above). For the twelve months ended 30 June 2013, the Group recorded audited net loss of approximately HK\$476.8 million, which approximately HK\$449.4 million was attributable to equity holders of the Company and approximately HK\$27.4 million is attributable to non-controlling interests. As advised by the Company, such loss was mainly due to the impairment losses relating to the Group's mining properties in the PRC, the selling and administrative expenses and the exploration and evaluation expenses recorded for the twelve months ended 30 June 2013.

As at 30 June 2013, the Group had audited net assets of approximately HK\$2,756.5 million and audited net current assets of approximately HK\$89.0 million, with cash and cash equivalents amounted to approximately HK\$253.7 million, while the current liabilities of the Group amounted to approximately HK\$209.2 million. According to the management account of the Group as at 30 September 2013, the Group had unaudited net assets of approximately HK\$2,761.7 million and unaudited net current assets of approximately HK\$60.9 million, with unaudited cash and cash equivalents amounted to approximately HK\$226.0 million, while the unaudited current liabilities of the Group amounted to approximately HK\$218.3 million as at 30 September 2013. As advised by the Company, the Group had cash and cash equivalents amounted to approximately HK\$112 million as at the Latest Practicable Date.

As noted from the Annual Report 2013, the net cash used in operating activities of the Group amounted to approximately HK\$159.4 million for the twelve months ended 30 June 2013. As advised by the Company, the mining business of the Group is capital intensive in nature. For the twelve months ended 30 June 2013, the exploration and evaluation expenses of the Group amounted to approximately HK\$111.8 million. In addition, we are also advised by the Company that as at 30 June 2013, the Group had commitments which related to mining operations in the PRC and mineral tenements in Australia of approximately HK\$38.6 million, comprising (i) operating lease commitments no later than 5 years of approximately HK\$23.0 million; (ii) exploration expenditure commitments of A\$2.2 million (equivalent to approximately HK\$15.4 million) over the following financial year; and (iii) joint venture commitments of A\$0.02 million (equivalent to approximately HK\$0.2 million).

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Taking into account (i) the existing cash level of the Group as at the Latest Practicable Date; (ii) the negative operating net cashflow of the Group for the twelve months ended 30 June 2013; (iii) the capital intensive nature of the Group's mining business; and (iv) the commitments of the Group as detailed above, we consider that the OL Shares Subscription is beneficial to the Group in maintaining and improving its liquidity level for the business operations and development of the Group while releasing the Group from the liabilities and the interest burden relating to the Bond with enlarged capital base.

Principal terms of the OL Shares Subscription

The number of the OL Subscription Shares shall be 292,500,000 new Shares, representing (i) approximately 3.71% of the issued share capital of the Company as at the Latest Practicable Date; (ii) approximately 3.57% of the issued share capital of the Company as enlarged by the allotment and issue of the OL Subscription Shares; and (iii) approximately 3.49% of the issued share capital of the Company as enlarged by the allotment and issue of the OL Subscription Shares and the CG Subscription Shares.

The OL Subscription Price of HK\$0.40 per OL Subscription Share represents:

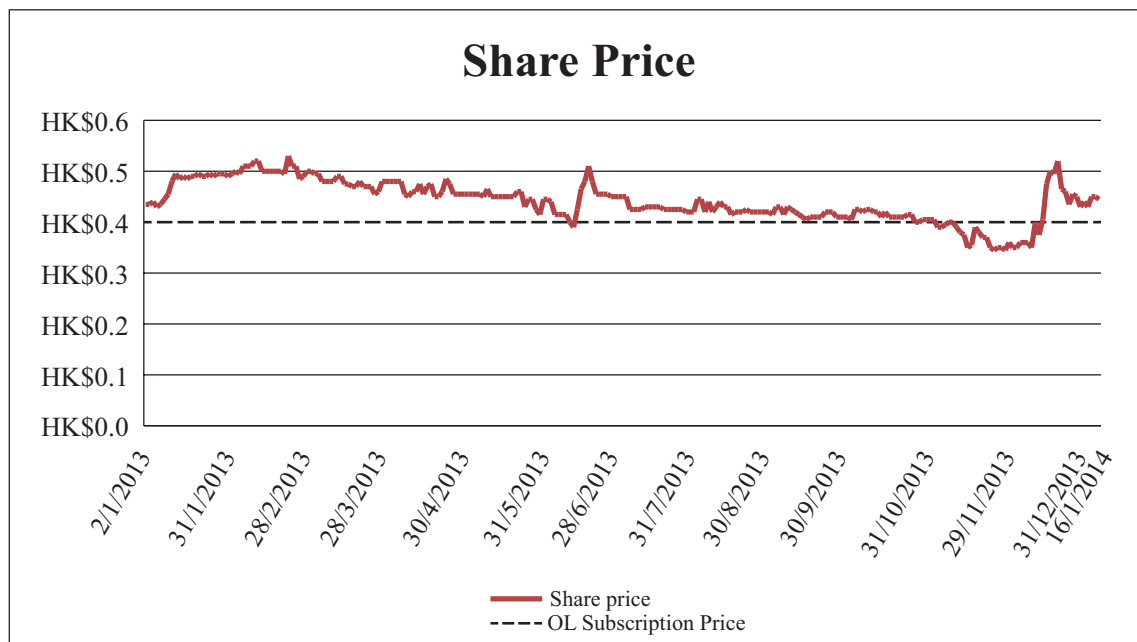
- (i) a discount of approximately 13.98% to the closing price of HK\$0.465 per Share as quoted on the Stock Exchange on 2 January 2014, being the date of the OL Shares Subscription Agreement;
- (ii) a discount of approximately 16.49% to the average closing price per Share of approximately HK\$0.479 as quoted on the Stock Exchange for the last five consecutive trading days up to and including 31 December 2013, being the last trading day prior to the OL Shares Subscription Agreement (the “**Last Trading Day**”);
- (iii) a discount of approximately 10.11% to the closing price of HK\$0.445 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (iv) a premium of approximately 14.29% over the net asset value of the Company per Share of approximately HK\$0.35 based on the consolidated net asset value of the Company as at 30 June 2013 and the number of issued Shares as at the Latest Practicable Date.

For reference purpose, the OL Subscription Price is the same as the CG Subscription Price.

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Historical Share price performance

The graph below illustrates the closing price level of the Shares during the period from 2 January 2013 to 16 January 2014 (being the 12 calendar months period prior to the date of the OL Shares Subscription Agreement up to the Latest Practicable Date) (the “**Review Period**”):



Data source: Website of the Stock Exchange (www.hkex.com.hk)

During the Review Period, the closing price of the Shares ranged from the lowest of HK\$0.345 per Share (recorded on 4 December 2013 and 9 December 2013) to the highest of HK\$0.530 per Share (recorded on 28 February 2013), with an average closing price of approximately HK\$0.441 per Share. The OL Subscription Price is within the range of the closing prices of the Shares during the Review Period. It is noted that the Shares had recently traded below the OL Subscription Price for 25 trading days out of the 41 trading days during the two months prior to the date of the OL Shares Subscription Agreement, while the OL Subscription Price was below the closing prices of the Shares recorded on 2 January 2014 (being the date of the OL Shares Subscription Agreement) and the five consecutive trading days prior to the date of the OL Shares Subscription Agreement.

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Historical trading volume

The table below sets out (i) the highest and lowest trading volume of the Shares; (ii) the average daily trading volume of the Shares (the “**Average Volume**”); and (iii) the percentage of the Average Volume to the total number of 7,894,482,131 Shares in issue as at the date of the Announcement (the “**Total Issued Shares**”) and the total number of 5,425,407,126 Shares held by public Shareholders (including China Guoyin and its associates) (the “**Total Public Shares**”) respectively for each of the twelve calendar months up to the Latest Practicable Date during the Review Period:

	Highest trading volume	Lowest trading volume	Average Volume (approximately)	Percentage of Average Volume to the Total Issue Shares (%)	Percentage of Average Volume to the Total Public Shares (%)
2013					
January	6,258,000	0	1,713,267	0.022	0.032
February	5,856,000	834	1,673,858	0.021	0.031
March	2,508,000	0	619,000	0.008	0.011
April	1,060,000	0	284,746	0.004	0.005
May	896,000	0	195,175	0.002	0.004
June	16,376,000	0	1,689,239	0.021	0.031
July	1,080,000	0	108,782	0.001	0.002
August	860,000	0	208,764	0.003	0.004
September	954,400	0	318,240	0.004	0.006
October	1,368,000	0	307,200	0.004	0.006
November	10,312,000	0	1,152,210	0.015	0.021
December	10,144,000	0	2,611,531	0.033	0.048
2014					
January (up to the Latest Practicable Date)	1,780,000	0	333,436	0.004	0.006

Data source: Website of the Stock Exchange (www.hkex.com.hk)

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As illustrated in the table above, the trading volume of the Shares during the Review Period had been in general thin, with the highest Average Volume amounted to 2,611,531 Shares recorded in December 2013, representing approximately 0.033% to the Total Issued Shares and approximately 0.048% to the Total Public Shares respectively.

In assessing the fairness and reasonableness of the OL Subscription Price, on our best endeavor, we have attempted to make reference to all issuance of new shares to connected person(s) for cash initially announced by other companies listed on the Stock Exchange during the twelve calendar months prior to the date of the Announcement (the “**Comparables**”). On the basis that the Comparables are selected with the criteria being (i) the issuance of new shares to connected person(s); and (ii) those for cash, which is similar to the OL Shares Subscription that involved the issue of new Shares to Ocean Line, a connected person of the Company, we consider that the Comparables represents fair and representative samples. The list of the Comparables, which represents an exhaustive list for the twelve calendar months prior to the date of the Announcement, is set out below:

Date of initial announcement	Company name	Stock code	Issue price per share	Market capitalisation on the date of the OL Shares Subscription Agreement (HK\$ million) (Approximately)	Premium/ (Discount) represented by issue price over/ to the reference closing price of shares on the date of the relevant agreement or the relevant last trading day as referred to in the relevant initial announcement (Approximately)	Premium/ (Discount) represented by issue price over/ to the reference 5-day average closing price of shares prior to and including the relevant last trading day (Approximately)
22 October 2013	Beautiful China Holdings Company Limited	706	HK\$0.100	759.02	(22.48)%	(22.72)%
2 October 2013	New Times Energy Corporation Limited	166	HK\$0.610	690.39	1.70%	0.66%
30 September 2013	Guangzhou Shipyard International Company Limited	317	HK\$7.290	3,396.65	(5.32)%	(5.57)%
18 August 2013	Gemdale Properties and Investments Corporation Limited	535	HK\$0.960	6,547.03	(9.43)%	(6.61)%

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Date of initial announcement	Company name	Stock code	Issue price per share	Market capitalisation on the date of the OL Shares Subscription Agreement (HK\$ million) (Approximately)	Premium/ (Discount) represented by issue price over/ to the reference closing price of shares on the date of the relevant agreement or the relevant last trading day as referred to in the relevant initial announcement (Approximately)	Premium/ (Discount) represented by issue price over/ to the reference 5-day average closing price of shares prior to and including the relevant last trading day (Approximately)
2 June 2013	Yunbo Digital Synergy Group Limited	8050	HK\$0.225	1,220.63	(15.09)%	(26.71)%
24 May 2013	Winteam Pharmaceutical Group Limited	570	HK\$3.100	7,855.09	(19.06)%	(18.42)%
22 April 2013	Great China Properties Holdings Limited	21	HK\$0.305	1,308.52	(18.67)%	(19.95)%
24 January 2013	China Bio-Med Regeneration Technology Limited	8158	HK\$0.165	2,890.77	(1.20)%	(2.94)%
23 January 2013	Jun Yang Solar Power Investments Limited	397	HK\$0.150	604.82	(4.46)%	(6.13)%
			Maximum		1.70%	0.66%
			Minimum		(22.48)%	(26.71)%
			Mean		(10.45)%	(6.11)%
2 January 2014	The Company		HK\$0.4000	3,670.93	(13.98)%	(16.49)%

Note: The issuance of new shares announced by Sino-Ocean Land Holdings Limited on 27 September 2013 and Dore Holdings Limited on 28 October 2013 respectively are excluded from our analysis as we consider that the market capitalisation of Sino-Ocean Land Holdings Limited of HK\$37,065.58 million and of Dore Holdings Limited of HK\$168.09 million on the date of the OL Shares Subscription Agreement represent substantial deviations from that of the Company and the Comparables.

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As illustrated in the table above, (i) the discount represented by the OL Subscription Price to the closing price of the Shares on the date of the OL Shares Subscription Agreement of approximately 13.98% are within the relevant range of the Comparables, ranging from a discount of approximately 22.48% to a premium of approximately 1.70% (with an average discount of approximately 10.45%); and (ii) the discount represent by the 5-day average closing price of the Shares prior to and including the Last Trading Day of approximately 16.49% is within the relevant range of the Comparables, ranging from a discount of approximately 26.71% to a premium of approximately 0.66% (with an average discount of approximately 6.11%).

Taking into account (i) the discounts represented by the OL Subscription Price to closing price of the Shares on the date of the OL Shares Subscription Agreement and the 5-day average closing price of the Shares prior to and including the Last Trading Day are within the relevant ranges of the Comparables; (ii) the Shares had recently traded below the OL Subscription Price for 25 trading days out of the 41 trading days during the two months prior to the date of the OL Shares Subscription Agreement; and (iii) the thin liquidity of the Shares, we consider that the OL Subscription Price 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 dilution effects on shareholdings of the Company after completion of the OL Shares Subscription (absent of other changes). As at the date of the Latest Practicable Date, Ocean Line and its associates in aggregate held (i) 1,545,180,137 Shares, representing approximately 19.57% of the entire issued share capital of the Company. After completion of the OL Shares Subscription (but before completion of the CG Shares Subscription and absent of any other changes), the shareholdings of Ocean Line and its associates in the Company would be increased from approximately 19.57% as at the Latest Practicable Date to approximately 22.45%, while the shareholdings of public Shareholders (including China Guoyin and its associates) would be decreased from 68.73% as at the Latest Practicable Date to approximately 66.26%. After completion of the CG Shares Subscription and the OL Shares Subscription (absent of any other changes), the shareholdings of Ocean Line and its associates in the Company would be increased from approximately 19.57% as at the Latest Practicable Date to approximately 21.92%, while the shareholdings of public Shareholders (including China Guoyin and its associates) would be decreased from 68.73% as at the Latest Practicable Date to approximately 67.06%.

LETTER FROM NUADA LIMITED

Notwithstanding the potential dilution effect on the shareholdings of the Company upon completion of the OL Shares Subscription, taking into account the net proceeds from the OL Shares Subscription would enhance the cash level and thus the net assets of the Group and that, as advised by the Company, the net asset value per Share would be increased as a result of the OL Shares Subscription on the basis that the OL Subscription Price represents a premium to the net asset value per Share as at 30 June 2013, and (i) the OL Shares Subscription is beneficial to the Group in maintaining and improving its liquidity level for the business operations and development of the Group while releasing the Group from the liabilities and the interest burden relating to the Bond with enlarged capital base; and (ii) the fairness and reasonableness of the OL Subscription Price as detailed above, we consider that the OL Shares Subscription is in the interests of the Company and the Shareholders as a whole, and the terms of the OL Shares Subscription are on normal commercial terms and fair and reasonable.

Recommendation

Taking into account the principal factors and reasons mentioned above, we are of the view that OL Shares Subscription is in the interests of the Company and the Shareholders as a whole and the terms of the OL Shares Subscription are on normal commercial terms and are fair and reasonable. 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 OL Shares 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 CG Shares Subscription and the OL Shares Subscription (absent any other changes) will be as follows:

Authorised	<i>HK\$</i>
10,000,000,000 Shares as at the Latest Practicable Date	1,000,000,000.00
	<u><u>1,000,000,000.00</u></u>
Issued and fully paid	<i>HK\$</i>
7,894,482,131 Shares as at the Latest Practicable Date	789,448,213.10
195,000,000 CG Subscription Shares to be issued	19,500,000.00
292,500,000 OL Subscription Shares to be issued	<u>29,250,000.00</u>
	<u><u>838,198,213.10</u></u>

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) 454,800,000 unlisted options as follows:
- (i) 7,500,000 share options with an exercise price of HK\$1.164 per Share which expired on 17 January 2014;
 - (ii) 27,000,000 share options, expiring on 10 February 2014 with an exercise price HK\$1.240 per Share;
 - (iii) 83,400,000 share options, expiring on 13 December 2015 with an exercise price HK\$0.72 per Share;
 - (iv) 88,100,000 share options, expiring on 14 January 2016 with an exercise price HK\$0.717 per Share;
 - (v) 88,100,000 share options, expiring on 14 January 2016 with an exercise price of HK\$0.967 per Share;
 - (vi) 3,750,000 share options, expiring on 28 February 2016 with an exercise price of HK\$0.717 per Share;
 - (vii) 3,750,000 share options, expiring on 14 February 2016 with an exercise price of HK\$0.967 per Share;
 - (viii) 76,600,000 share options, expiring on 20 May 2016 with an exercise price of HK\$0.717 per Share; and
 - (ix) 76,600,000 share options, expiring on 20 May 2016 with an exercise price of HK\$0.967 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 share options held	Approximate percentage of the issued share capital of the Company as at the Latest Practicable Date
Mr. Kwai Sze Hoi	Jointly (<i>Note 1</i>)	60,720,000	—	0.77%
	Interests of controlled corporation (<i>Note 1</i>)	1,776,960,137	—	22.51%
	Beneficial owner (<i>Note 1</i>)	—	70,000,000	0.89%
Mr. Liu Zhengui	Beneficial owner	—	30,000,000	0.38%
Mr. Ross Stewart Norgard	Beneficial owner	64,569,834	1,500,000	0.84%
	Interests of controlled corporation	178,484,166	—	2.26%
Mr. Luk Kin Peter Joseph	Beneficial owner (<i>Note 2</i>)	—	50,000,000	0.63%
	Interests of controlled corporation (<i>Note 2</i>)	387,032,276	—	4.90%
Mr. Chan Kam Kwan, Jason	Beneficial owner	—	13,700,000	0.17%
Mr. Warren Talbot Beckwith	Beneficial owner	—	33,500,000	0.42%

Name of Director	Capacity	Number of Shares held	Number of share options held	Approximate percentage of the issued share capital of the Company as at the Latest Practicable Date
Mr. Yap Fat Suan, Henry	Beneficial owner	400,000	—	0.01%
Mr. Uwe Henke Von Parpart	Beneficial owner	—	3,500,000	0.04%
Mr. Yip Kwok Cheung Danny	Beneficial owner	—	3,500,000	0.04%

Notes:

- Ocean Line is owned as to 60% by Mr. Kwai Sze Hoi and as to 40% by Ms. Cheung Wai Fung (Mr. Kwai's spouse). Ocean Line's interests comprised (i) 1,484,460,137 Shares and (ii) 292,500,000 OL Subscription Shares to be issued to Ocean Line under the OL Shares Subscription. In addition, Mr. Kwai and Ms. Cheung had a joint direct interest in 60,720,000 Shares while Mr. Kwai had a direct interest in 70,000,000 underlying Shares in relation to share options held by him.
- The 387,032,276 Shares were held by Equity Valley Investments Limited. Equity Valley Investments Limited is wholly-owned by The XSS Group Limited, of which 50%, 20% and 30% of its issued share capital were 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
Cheung Wai Fung (<i>Note 1</i>)	Beneficial owner and interest held by controlled corporation	1,907,680,137	24.16%
Ocean Line Holdings Ltd. (<i>Note 1</i>)	Beneficial owner	1,776,960,137	22.51%
Zhu Yi Cai (<i>Note 2</i>)	Interest held by controlled corporations	775,704,972	9.83%
China Guoyin Investments (HK) Ltd (<i>Note 2</i>)	Beneficial owner	764,904,972	9.69%
Cheung Sze Wai, Catherine (<i>Note 3</i>)	Interest of spouse and interest in controlled corporations	437,032,276	5.54%

Notes:

- Ocean Line is owned as to 60% by Mr. Kwai Sze Hoi and as to 40% by Ms. Cheung Wai Fung (Mr. Kwai's spouse). Ocean Line's interests comprised (i) 1,484,460,137 Shares and (ii) 292,500,000 OL Subscription Shares to be issued to Ocean Line under the OL Shares Subscription. In addition, Mr. Kwai and Ms. Cheung had a joint direct interest in 60,720,000 Shares while Mr. Kwai had a direct interest in 70,000,000 underlying Shares in relation to share options held by him. Mr. Kwai is a director of Ocean Line.

2. China Guoyin is wholly owned by Mr. Zhu Yi Cai. China Guoyin's interests comprised (i) 569,904,972 Shares and (ii) 195,000,000 CG Subscription Shares to be issued to China Guoyin under the CG Shares Subscription. Mr. Zhu in addition held (i) 10,700,000 Shares through Smart Effort Investments Limited, and (ii) 100,000 Shares through Corpgrand International Limited, both of which are wholly owned by him.
3. Ms. Cheung Sze Wai is deemed to be interested in (i) 387,032,276 underlying Shares held by Mr. Luk and Ms. Cheung Sze Wai in The XSS Group Limited; and (ii) 50,000,000 underlying Shares in relation to share options held by Mr. Luk. Mr. Luk is a director of The XSS Group Limited.

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 2013, 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:

Name	Qualification
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 2013, 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 2013, 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 CG Shares Subscription Agreement;
- (b) the OL Shares Subscription Agreement; and
- (c) this circular.

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*

(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 13 February 2014 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 January 2014 (the “CG 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) (“China Guoyin”), pursuant to which China Guoyin has agreed to subscribe for 195,000,000 shares of HK\$0.10 each in the capital of the Company (“CG Subscription Shares”), and all transactions contemplated thereunder be and are hereby approved, ratified and confirmed;
- (b) the allotment and issue of the CG Subscription Shares to China Guoyin pursuant to the terms of the CG 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 CG Shares Subscription Agreement and all transactions contemplated thereunder and all

* for identification purpose only

NOTICE OF SGM

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 CG Shares Subscription Agreement and all transactions contemplated thereunder and are in the interests of the Company.”

2. **“THAT**

- (a) the execution of the conditional shares subscription agreement dated 2 January 2014 (the **“OL Shares 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) (**“Ocean Line”**), pursuant to which Ocean Line has agreed to subscribe for 292,500,000 shares of HK\$0.10 each in the capital of the Company (the **“OL Subscription Shares”**) 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 OL Subscription Shares to Ocean Line pursuant to the terms and conditions of the OL Shares Subscription Agreement, as described in the letter from the Board and the explanatory memorandum set out in the Company’s circular dated 23 January 2014, be and are hereby approved;
- (c) the allotment and issue of the OL Subscription Shares to Ocean Line pursuant to the terms of the OL Shares Subscription Agreement 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 OL Shares 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 OL Shares 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 Ocean Line 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 and its associates shall abstain from voting on Resolution 2.

It is the intention of the Company to appoint a member of the Independent Board Committee (as defined in the Company's circular dated 23 January 2014) to be the Chairman of the SGM.

By order of the Board
Brockman Mining Limited
Chan Kam Kwan, Jason
Company Secretary

Hong Kong, 23 January 2014

NOTICE OF SGM

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

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 11 February 2014.

EXPLANATORY MEMORANDUM PREPARED IN ACCORDANCE WITH ASX LISTING RULES

This Explanatory Memorandum, the notice of SGM and the circular dated 23 January 2014 (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 38 to 41 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 SHARES TO OCEAN LINE

1. Background to Resolution 2

Please refer to pages 8 to 11 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 OL Subscription Shares 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 OL Subscription 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 OL Subscription Shares:

- (a) the OL Subscription Shares will be issued to Ocean Line;
- (b) a total of 292,500,000 OL Subscription Shares will be issued to Ocean Line;
- (c) if Resolution 2 is approved by Independent Shareholders, the OL Subscription Shares 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 OL Subscription Shares are to be issued by the Company at an aggregate subscription price of approximately HK\$117 million (equivalent to an issue price of HK\$0.40 per OL Subscription Shares). The proposed issue of the OL Subscription Shares will be made pursuant to the terms and conditions set out at pages 8 to 11 of the Letter from the Board under the heading “OL Shares Subscription”;
- (f) the issue of the OL Subscription Shares will raise approximately HK\$117 million. The intended use of the funds raised is set out at page 11 of the Letter from the Board under the heading “Reasons for and benefits of the transactions”; and
- (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.

EXPLANATORY MEMORANDUM PREPARED IN ACCORDANCE WITH ASX LISTING RULES

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 12 of the Letter from the Board under the heading “Reasons for and benefits of the transactions” and at page 15 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 Ocean Line 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.