

BROCKMAN

BROCKMAN MINING LIMITED 布萊克萬礦業有限公司

# ANNUAL REPORT 2013

#### ANNUAL REPORT 201





| Colporate information                          |            |
|--|------------|
| Chairman's Message                             | 3          |
| Management Discussion and Analysis             | 6          |
| Directors and Management                       | 23         |
| Corporate Governance Report                    | 28         |
| Directors' Report                              | <b>4</b> 0 |
| Independent Auditor's Report                   | 45         |
| Consolidated Statement of Comprehensive Income | 47         |
| Consolidated Balance Sheet                     |            |
| Balance Sheet                                  | 50         |
| Consolidated Statement of Changes in Equity    | 51         |
| Consolidated Statement of Cash Flows           | 57         |
| Notes to the Consolidated Financial Statements | 58         |
| Financial Summary                              | 109        |
| ASX Additional Information                     | 110        |

## **CORPORATE INFORMATION**

#### **BOARD OF DIRECTORS**

#### **Non Executive Directors**

Kwai Sze Hoi (Chairman) Liu Zhengui (Vice Chairman) Warren Talbot Beckwith Ross Stewart Norgard

#### **Executive Directors**

Luk Kin Peter Joseph (Chief Executive Officer) Chan Kam Kwan, Jason (Company Secretary)

#### **Independent Non-executive Directors**

Lau Kwok Kuen, Eddie Uwe Henke Von Parpart Yip Kwok Cheung, Danny

#### COMPANY SECRETARY

Chan Kam Kwan, Jason

#### **AUDITOR**

PricewaterhouseCoopers
Certified Public Accountants

#### REGISTERED OFFICE (BERMUDA)

Clarendon House 2 Church Street Hamilton HM11 Bermuda

# PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 3812-13,
Two International Finance Centre,
8 Finance Street,
Central, Hong Kong
T: 852 3978 2800 F: 852 3978 2818

# PRINCIPAL PLACE OF BUSINESS IN AUSTRALIA

Level 1, 117 Stirling Hwy, Nedlands WA 6009 T: +61 8 9389 3000 F: +61 8 9389 3033

# PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

Butterfield Fulcrum Group (Bermuda) Limited 26 Burnaby Street Hamilton NM 11 Bermuda

# BRANCH SHARE REGISTRARS AND TRANSFER OFFICE IN HONG KONG

Tricor Secretaries Limited 26/F, Tesbury Centre 28 Queen's Road East Wanchai, Hong Kong

# BRANCH SHARE REGISTRARS AND TRANSFER OFFICE IN AUSTRALIA

Computershare Investor Services Pty Ltd Level 2, Reserve Bank Building 45 St Georges Terrace PERTH WA 6000

#### PRINCIPAL BANKER

Australia and New Zealand Banking Group Limited Hang Seng Bank Limited Standard Chartered Bank (Hong Kong) Limited The Hongkong and Shanghai Banking Corporation Limited

#### WEBSITE

www.brockmanmining.com www.irasia.com/listco/hk/brockmanmining

#### STOCK CODE

159

(Main Board of The Stock Exchange of Hong Kong Limited)

BCK

(Australian Securities Exchange)



#### **ANNUAL REPORT 2013**

## CHAIRMAN'S MESSAGE



Dear Shareholders and fellow directors,

I am delighted to present the 2013 Annual Report of Brockman Mining Limited (the "Company") and its subsidiaries (collectively the "Group") to all members and investors of the Company.

In the 2013 financial year, complexity and turbulence in the macroeconomic environment allowed only a subtle recovery for the international economy. However, with increasing downward pressures on growth, coupled with massive fluctuation of commodity prices, operational performance of many industry peers was severely restricted during the year. In response to such a complicated and sluggish economic environment, the Group adheres strictly to its unwavering objective in becoming a global resource company, and employed a pragmatic approach in focusing on the development of our 100% owned flagship hematite projects — Marillana and Ophthalmia. On those we have achieved significant progress.

First of all, on 15 August 2012, we successfully accomplished a significant milestone in our strategic goal in completing the acquisition for Brockman Resources Limited in Western Australia, obtaining 100% interest in the company, which then became a whollyowned subsidiary of the Group. This commenced the journey towards advancing ourselves as one of the players in the largest global iron ore producing region — the Pilbara, and such a foundation reinforced our determination in the development and exploration of our Marillana and Ophthalmia iron ore projects. At the same time, to better enhance our corporate image and provide clarity to our strategic goal, the Company has changed its name to "Brockman Mining Limited" on 25 September 2012.

Our next focus was given to the key driver of success for the development of our iron ore projects – pursuing an infrastructure solution.

With rail, the Group has several potential options available, and among them, two proposed rail options were pursued simultaneously, being the proposed East Pilbara Independent Rail network ("EPIR"), and the Access Proposal submitted to The Pilbara Infrastructure Pty Ltd ("TPI") in which we sought for the access rights to TPI's railway infrastructure ("TPI Mainline").

In August 2012, the Group entered into a tripartite agreement with Aurizon and Atlas Iron Limited, to undertake a joint evaluation of a fully integrated mine, rail and port logistics solutions in the East Pilbara region. The execution of studies under the agreement has confirmed the advantages and potential viability of the development of an independent railway. Not only has the proposed independent railway provided a gauge towards timely delivery of products, it was also beneficial to other emerging iron ore players anticipating production, thereby bringing vitality to the mining industry in Australia.

Right after the fiscal year end, a legally-binding Relationship Agreement was entered into with Aurizon, for a period of three years, to pursue an integrated rail and port solution under which Aurizon will be Brockmans' exclusive infrastructure supplier to develop and operate the finalized infrastructure option, where Aurizon procures and operates all rail assets, and may take part in the development and operation of the port.

Throughout recent years, Aurizon has been investigating the possibilities of developing an independent railway in the Pilbara region. Aurizon is a top-50 ASX-listed company with solid foundations based on more than 147 years of rail freight industry experience. Such a valuable relationship built between the Company and Aurizon has once again proven the potential and the capability of the Group in attracting strategic partners.

On 15 May 2013 the Group submitted an Access Proposal under section 8(1) of the Western Australian Railways (Access) Code 2000 (the "Code"), to gain access to the part of the below-rail infrastructure owned by TPI. The Access Rights sought are to TPI's railway infrastructure from approximately 219 km point to the 23 km point on the TPI Mainline. On 14 August 2013, the Western Australian Economic Regulation Authority ("ERA") has given a green light for negotiations to proceed with TPI regarding the Access Proposal. The Group is delighted and welcomes the decision by ERA. This decision serves as a strong indication of support from the Western Australian government towards emerging iron players seeking for access to the TPI Mainline. We will pursue this matter under the Code.

## CHAIRMAN'S MESSAGE

With regard to the port development, the Honourable Troy Buswell MLA, Minister for Transport, has confirmed in a release pertaining to inner harbor developments at Port Hedland that North West Infrastructure ("NWI") is able to develop two berths for iron ore export in South West Creek. NWI's export allocation is 50 Mt at South West Creek. As the both a co-founder and a core member of NWI, the Company collaborates with our alliance partners from time to time and strives to deliver a port solution to maximize economic and operational viability.

In May 2013, the Group has signed a non-legally binding Memorandum of Understanding ("MOU") with Tianjin Port (Group) Co., Ltd. ("TPG"), the main operator of the Tianjin Port, to explore the opportunity and feasibility for a potential strategic investment by TPG in the Infrastructure project. The Tianjin Port is the largest port in Northern China. I am very pleased with the signing of this MOU with TPG, as this is a critical step forward in supporting and defining an economically viable infrastructure solution for our iron ore projects, and it has once again proven the attractive potential of the projects of the Group.

With resources, during the financial year, the JORCcompliant Mineral Resources of the Group in Western Australia reported a significant increase to 1.92 Bt (which comprises of Marillana's beneficiation feed Mineral Resources of 1.53 Bt and CID Mineral Resources of 102 Mt; and Ophthalmia's direct shipping hematite ore ("DSO") Mineral Resources of 290 Mt). The increase was mainly attributed to continuing exploration activities undertaken for the Ophthalmia project, in which its JORC-compliant Resources reached 290 Mt, with all ore bodies identified as DSO grade mineralization, grading 59.1% Fe. Not only have the exploration results for Ophthalmia strengthened the Company's resource base, it has also supported the economic viability of the rail infrastructure, as Ophthalmia is located only 80 km south-east of Marillana, it facilitates the development of Marillana.

Furthermore, in August 2012, the Company received conditional environmental approval from the Commonwealth Department of Sustainability, Environment, Water, Population and Communities ("DSEWPaC") for the Marillana Project and its respective rail spur. These approvals, together with previous approvals obtained, are considered to be the major approvals crucial to the development of the Marillana Project.

As illustrated, our strategic and operational objectives are unwavering and clear to our investors through our progress last year – our goal is to strive for the development of the existing iron ore projects, focusing on our core assets, accumulating strength and grasping promising investment opportunities in the mining sector. In the fiscal year 2014, we will focus on applying our unique competitive edge to strive for the finalization and optimization of infrastructure solutions, and we will commence funding exercises accordingly, with an aim to deliver our promise to all our shareholders regarding the development of mines, and to demonstrate the strength and capability of the Group.

Despite the current volatility in international copper prices, the revenue of the Damajianshan Mine held by the Group has increased by 142% to approximately HK\$50 million compared to the same period last year. The record-breaking production level achieved has offset the effect of the volatility in copper prices, attributing to the increase. However, immense competition faced by the limousine rental and airport shuttle services business has driven down its revenue by 3% in comparison to the figure in 2012, to approximately HK\$108 million.

We are still very confident about the Chinese economic development, especially for the iron ore demand from China and other emerging economies in the long term. Despite the rapid development of the steel industry in China seeming to have come to an end, now entering into a period of reasonable growth, China's industrialization and urbanization driving substantial demand in the long run. From the data provided by China Iron & Steel Association ("CISA"), it shows that in the first half of 2013, the aggregate crude steel production amounted to 390 million tonnes, up 7.4% compared to the previous year, with a daily production of 2.154 million tonnes, extrapolated to a yearly production of 786 million tonnes. Nonetheless, China's iron ore imports still constitute more than 60% of its total consumption.



#### ANNUAL REPORT 2013

## CHAIRMAN'S MESSAGE



Despite an ever changing global political environment and significant challenges ahead, we are still fully confident about our iron ore projects in Western Australia. From our exploration ground work, it has been established that not only the Marillana and Ophthalmia projects possessed with great quality and cost-saving advantages in development, there are also sustainable resources in the long run. I believe strongly that our investors will definitely share with Brockman in the fruitful value appreciation of these investments.

I would like to take this opportunity to express my heartfelt gratitude to our diligent and devoted employees for their contributions towards driving the Company's development. Last but not least, I am thankful for all the trust and support received from my fellow board members, shareholders and investors, and all business counterparts. Thank you again.

Kwai Sze Hoi

Chairman

11 September 2013

Pursuant to a resolution of the Board of Directors dated 8 November 2011, the financial year end date of the Group has been changed from 31 December to 30 June. Accordingly, the current financial period covers a twelve-month period from 1 July 2012 to 30 June 2013 whereas the prior financial period covers an eighteen-month period from 1 January 2011 to 30 June 2012 including the consolidated statements of comprehensive income, changes in equity and cash flows and related notes thereto, which are not comparable. For the purpose of enhancing the comparability of information, the Company has also presented the consolidated statements of comprehensive income, changes in equity and cash flows for the twelve months ended 30 June 2012 as the comparative figures. Comparative financial information and operating data in this section covers twelvemonth period from 1 July 2011 to 30 June 2012 for a like comparison.

# IRON ORE OPERATIONS – WESTERN AUSTRALIA

Marillana Iron Ore Project (M47/1414, E47/1408) – 100% Interest

#### Overview

The 100% owned Marillana Iron Ore Project ("Marillana" or "the Project") is Brockman Mining Australia Pty Ltd ("Brockman")'s flagship project located in the Hamersley Iron Province within the Pilbara region of Western Australia, approximately 100 km north-west of the township of Newman. The Project is located within mining lease M47/1414 and exploration licence E47/1408.

The Project area covers 96 km² bordering the Hamersley Range, where extensive areas of supergene iron ore mineralisation have developed within the dissected Brockman Iron Formation that caps the Range.

Marillana is surrounded by world-class deposits owned by major iron ore players including BHP Billiton ("BHPB"), Rio Tinto ("Rio") and Fortescue Metals Group ("FMG"). Marillana is in close proximity to existing infrastructure, with FMG's Cloud Break railway accessible via a proposed 80 km spur to the north. The Marillana tenement is also bisected by a gazetted road. Brockman will export its ore through the Port of Port Hedland — the largest bulk commodity ("iron ore") facility in Australia.

# RAIL AND PORT ACCESS AND INFRASTRUCTURE

Rail

The Project requires rail infrastructure to haul product to Port Hedland for export.

In August 2012, Brockman executed a tripartite Alliance Study Agreement with QR Limited (which later changed its name to Aurizon Operations Limited ("Aurizon")) and Atlas Iron Limited ("Atlas") in relation to a jointly-funded Pre-Feasibility Study ("PFS") of the development and operation of the East Pilbara Independent Rail network ("EPIR"), linking Port Hedland to the Marillana Project and several other deposits held by Brockman, Atlas and potentially other third parties. An EPIR Scoping Study identified preferred rail networks and all parties agreed that the PFS must cover an integrated rail and port solution. Brockman is participating in discussions with Aurizon and Atlas regarding the terms of reference for the EPIR PFS and subsequent studies, if appropriate.

The proposed EPIR network will connect the Project to Port Hedland. All required environmental baseline and cultural heritage surveys are close to completion, as are agreements with Native Title claimant groups and affected stakeholders. The Department of State Development ("DSD") is currently finalising the terms of a State Agreement with Aurizon for the rail project, and impact assessment studies will commence in Q3 2013.

Brockman has entered into a Relationship Agreement with Aurizon, for the exclusive provision of rail infrastructure, rail services and port services, where appropriate. Aurizon is Australia's largest rail freight operator (by tonnes hauled), holding medium to long term contracts with global resource companies such as BHP Billiton, Rio Tinto, Xstrata, Vale and Alcoa. Aurizon has extensive experience with iron ore haulage, being Australia's largest hauler of iron ore for export, outside of the Pilbara region.

Brockman has entered into an Aggregation Agreement with Flinders Mines Limited to allow the parties to examine the opportunities to aggregate tonnage from their respective, proposed mine developments and to support the development of independent rail and port infrastructure.

Brockman has also submitted an Access Proposal under section 8(1) of the Western Australia Railways (Access) Code 2000 to The Pilbara Infrastructure Pty Ltd ("TPI"), a wholly-owned subsidiary of Fortescue Metals Group. The Access Rights sought as part of the Access Proposal





are to TPI's railway infrastructure ("TPI Mainline") from approximately the 219 km point from Port Hedland on the TPI Mainline, from which point Brockman will construct a rail spur to Marillana, to approximately the 23 km point from Port Hedland on the TPI Mainline (a total distance of approximately 196 km), from which point Brockman will construct a rail spur to connect with the proposed North West Infrastructure ("NWI") port facilities in Port Hedland. Brockman is seeking Access Rights to allow it to haul up to 20 Mtpa of hematite iron ore product from Marillana to Port Hedland, for a term of up to 20 years commencing in 2016. The Western Australia Economic Regulation Authority will set the floor and ceiling costs for the route section of rail to which access is sought by Brockman, to enable access negotiations to take place between Brockman and TPI.

#### Port

In August 2008, the Western Australia State Government, in conjunction with the Port Hedland Port Authority ("PHPA"), allocated 50 Mtpa of iron ore export capacity to North West Infrastructure ("NWI"), which is to be utilised at the proposed South West Creek berths SW3 and SW4 at Port Hedland. NWI, which is an incorporated joint venture between Brockman, Atlas and FerrAus Pty Ltd, is progressing the development of these two new berths.

Having received Ministerial environmental approval for the landside developments of the overall project in April 2012, the required heritage approvals are being advanced via section 18 heritage clearances and ongoing assessment of the contemplated development plans. Environmental approvals for the proposed disposal of dredging spoil material are yet to be finalised.

NWI continues to actively pursue the finalisation of the South West Creek infrastructure tenure documentation with the PHPA, to obtain a Port Lease and related development agreement. Discussions during the period with relevant State Government Ministers and agencies have confirmed support for the establishment of new port facilities in South West Creek, in the inner harbour of Port Hedland, to facilitate the 50 Mtpa iron ore export allocation provided to NWI. NWI has submitted a Preliminary Planning Review to the PHPA as the first stage of preparing a full development proposal, pending the finalisation of the terms of the Port Lease and development agreement.

The Company has entered into a non-binding Memorandum of Understanding with Tianjin Port (Group) Co. Ltd ("TPG") to explore the opportunity for a potential strategic investment by TPG in the infrastructure necessary for the Marillana Project, including the development of Brockman's interest in the NWI development.

#### MINE DEVELOPMENT

#### **Feasibility Study**

A Definitive Feasibility Study ("DFS") on the Project was completed in September 2010. This study will need to be refreshed.

An updated Bankable Feasibility Study ("BFS") will be undertaken as soon as a rail infrastructure solution is secured, to establish the overall economics of the Project, including the development of the supporting port and rail Infrastructure. The BFS will focus on the project economic fundamentals, the business risks, the rationale for development of the Project and the implementation strategy. The BFS will provide the Board with the level of confidence required to assess and establish the basis and conditions for the Project's funding arrangements and will lead to the ultimate Final Investment Decision for the Project.

The BFS will include the outputs from the port and rail feasibility studies currently being carried out by independent parties proposing to develop the required infrastructure solutions. These studies will provide details surrounding the development approach and funding requirements for the jointly-used rail and port infrastructure necessary to support the Marillana operations. A suitably qualified study consultant will be engaged to assist with the compilation of the BFS with the objective of achieving a Final Investment Decision for the Project.

The Company continues to actively pursue various infrastructure alternatives. The projected production commencement date will be further reviewed once the infrastructure solution is confirmed and finalized.

#### **Approvals**

The Project, including the entire deposit and all proposed infrastructure areas, is contained with the granted Mining Lease M47/1414 over an area of 82.5 km². All required environmental baseline and impact assessment studies and cultural heritage surveys have been completed and key State and Commonwealth environmental approvals have been received for the Project. The remaining secondary approvals will be obtained in parallel with the completion of the BFS.

#### **METALLURGY**

During the year, the Company advanced a program of metallurgical testwork directed at the optimisation of project economics. Pilot trials on recovering equivalent grade product (+60% Fe) from the -1 mm size fraction (which has been considered as waste in all studies to date) have demonstrated the viability of this process. Preliminary assessment of the benefits of processing this fraction size indicates a potential three per cent (3%) yield gain, which equates to an approximate increase in product of 1.3 Mt per annum from the same plant feed.

Sinter pot testing was undertaken on Marillana Fines® during the year at the China Iron and Steel Research Institute ("CISRI") in Beijing. The work consists of pot tests where Marillana fines are substituted systematically for various commonly traded Australian ores to produce sinter. Results to date indicate improved performance in the areas of sinter productivity and sinter fuel consumption, with no significant attendant deleterious effects. Further tests are being undertaken to determine the blast furnace properties of the resultant sinter.

# EXPLORATION AND RESOURCE DEVELOPMENT

#### **Resources and Reserves**

Marillana has a significant Mineral Resource estimate of 1.63 Bt of hematite Detrital and Channel Iron (CID) mineralisation, comprising 173 Mt of Measured Mineral Resources, 1,238 Mt of Indicated Mineral Resources and 219 Mt of Inferred Mineral Resources (see Tables 1 and

2). In accordance with the requirements of the JORC Code, the Marillana Ore Reserves are based solely on the Measured and Indicated Mineral Resources at Marillana.

The 201 Mt of Inferred Mineral Resources (Non CID) is based on wide-spaced drilling to the north of the Indicated Mineral Resource boundary, which has demonstrated continuity of the detrital mineralisation in this area. In addition to these Inferred Mineral Resources, Brockman has identified further potential detrital mineralisation from isolated drill holes outside of, but adjacent to the current Resource boundary, totaling an estimated 150-250 Mt grading 39-43% Fe. The potential quantity and grade of the exploration target is conceptual in nature. There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource. Based on the existing high conversion rate of Mineral Resources to Ore Reserves, these areas, in combination with the existing Inferred Mineral Resources provide the potential for an additional 300-400 Mt of plant feed, if infill drilling confirms continuity of mineralisation.

A short reverse circulation drilling programme, carried out in 2012 tested areas north of the BHPBIO railway line considered prospective for accumulations of detrital mineralisation. Results demonstrated that the mineralised subsurface colluvial fans (albeit narrow zones of lower grade mineralisation) extend out to this area, some 3-4 km further north of the currently identified Mineral Resources.

Table 1: Beneficiation Feed Mineral Resource Summary (cut-off grade: 38% Fe)

| Mineralisation type | Resource classification | Tonnes (Mt) | Grade (% Fe) |
|---------------------|-------------------------|-------------|--------------|
| Detrital            | Measured                | 173         | 41.6         |
|                     | Indicated               | 1,036       | 42.5         |
|                     | Inferred                | 201         | 40.7         |
| Pisolite            | Indicated               | 117         | 47.4         |
| Total               | Measured                | 173         | 41.6         |
|                     | Indicated               | 1,154       | 43.0         |
|                     | Inferred                | 201         | 40.7         |
| GRAND TOTAL         |                         | 1,528       | 42.6         |

Total tonnes may not add up, due to rounding

Table 2: Marillana Project CID Mineral Resource Summary (cut-off grade: 52% Fe)

| Resource classification | Tonnes<br>(Mt) | Fe<br>(%) | CaFe<br>(%) | Al <sub>2</sub> O <sub>3</sub> (%) | \$iO <sub>2</sub> (%) | P<br>(%) | LOI<br>(%) |
|-------------------------|----------------|-----------|-------------|------------------------------------|-----------------------|----------|------------|
| Indicated               | 84.2           | 55.8      | 61.9        | 3.6                                | 5.0                   | 0.097    | 9.8        |
| Inferred                | 17.7           | 54.4      | 60.0        | 4.3                                | 6.6                   | 0.080    | 9.3        |
| TOTAL                   | 101.9          | 55.6      | 61.5        | 3.7                                | 5.3                   | 0.094    | 9.7        |

CaFe represents calcined Fe and is calculated by Brockman using the formula CaFe = Fe%/((100-LOI)/100)





As part of the Marillana DFS, mining studies by Perthbased Golder Associates have demonstrated that the Project contains Proven and Probable Detrital Ore Reserves, within the optimal pit design, in excess of one billion tonnes, as indicated in Table 3. Additionally, the Marillana CID Ore Reserves, within the optimal pit design, are estimated to be in excess of 48 Mt, as shown in Table 4.

Table 3: Marillana Detrital Ore Reserves\*

| Reserve classification | Tonnes (Mt) | Fe (%) |
|------------------------|-------------|--------|
| Proved                 | 133         | 41.6   |
| Probable               | 868         | 42.5   |
| TOTAL                  | 1,001       | 42.4   |

<sup>\*</sup> Reserves are included within Resources

Table 4: Marillana CID Ore Reserves\*

| Reserve classification | Tonnes<br>(Mt) | Fe<br>(%) | CaFe<br>(%) | Al <sub>2</sub> O <sub>3</sub> (%) | SiO <sub>2</sub> (%) | P<br>(%) | LOI<br>(%) |
|------------------------|----------------|-----------|-------------|------------------------------------|----------------------|----------|------------|
| Probable               | 48.5           | 55.5      | 61.5        | 5.3                                | 3.7                  | 0.09     | 9.7        |
| TOTAL                  | 48.5           | 55.5      | 61.5        | 5.3                                | 3.7                  | 0.09     | 9.7        |

<sup>\*</sup> Reserves are included within Resources

Based on extensive beneficiation testwork, the Detrital Ore Reserves are expected to produce 378 Mt of final product grading 60.5-61.5% Fe with impurity levels comparable with other West Australian direct shipping hematite ore ("DSO") iron ore products. The CID Ore is a DSO product which would be prepared for export as a separate product. The Marillana Project will produce in excess of 419 Mt of export product (beneficiated detritals plus CID).

The recent metallurgical testwork on improving the product yield by recovering additional -1 mm fines material at +60% Fe could add a further 30 Mt of total product over the life of the mine. This material was considered as waste in the earlier studies.

This represents one of the largest published hematite Ore Reserve positions in the Pilbara, outside the three major producers (BHPB, Rio and FMG). The Detrital Ore is upgraded to a high-quality, sinter feed product via simple beneficiation, which is supported by low-cost mining, low waste:ore ratios and large continuous ore zones. The simplicity of the Project means that the expected cost of mining and processing (final product loaded on trains) will be very comparable, if not lower than many of the newly-commissioned mines in the Pilbara.

Based on existing Reserves and Resources, the Project will support over 20 years of mining operations, producing at a forecast production rate of up to 20 Mtpa of beneficiated iron ore grading from 60.5-61.5% Fe.

The Mineral Resource estimation (see Tables 1 and 2) was prepared by Golder Associates Pty Ltd and has been classified in accordance with the guidelines of the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("The JORC Code"). It has been estimated within geological boundaries using a 38% Fe cut-off grade for beneficiation feed mineralisation and a 52% Fe cut-off grade for CID mineralisation.

#### **OPHTHALMIA PROJECT**

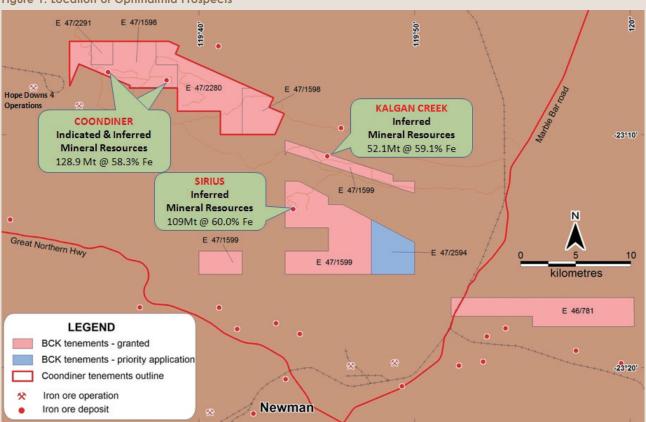
#### Overview

The 100% owned Ophthalmia Iron Ore Project, comprises of five granted exploration licences (E47/1598, E47/1599, E46/781, E47/2280 and E47/2291) and one priority application (E47/2594) is near Newman in Western Australia's Pilbara region. Since the discovery of significant occurrences of bedded hematite mineralisation by field reconnaissance mapping and surface sampling in August 2011, major exploration drilling programmes have been implemented and JORC-compliant Mineral Resources at the Coondiner,

Kalgan Creek and Sirius deposits have been estimated and reported. The total Mineral Resources at Ophthalmia now stand at 290 Mt grading 59.1% Fe.

In April 2013, Brockman increased its land holdings in the Ophthalmia area through the purchase of two exploration licences (E47/2280, E47/2291) and a priority application for E47/2594 from Sheffield Resources. Exploration on the tenements, by Sheffield, has identified Exploration Targets of 20-60 Mt grading 56-60% Fe (as detailed in Sheffield's ASX release of 1 December 2011).

Figure 1: Location of Ophthalmia Prospects



Sheffield has not yet reported Mineral Resources at the tenements and any discussion in relation to targets and Mineral Resources is conceptual in nature. There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.



The Ophthalmia Project exploration results are particularly significant in supporting Brockman's, Aurizon's and Atlas' ongoing feasibility studies for an Independent East Pilbara Railway. As Ophthalmia is located only 80 km south-east of Marillana, there is the opportunity to either extend the proposed railway to Ophthalmia or to truck material from Ophthalmia to Marillana. Either of these options will result in increased tonnages on the proposed independent railway, enhancing not only its viability, but also that of the proposed NWI facilities in Port Hedland.

#### **Mineral Resources**

Based on extensive reverse circulation and diamond drilling programmes carried out in 2011 and 2012, Brockman has identified initial Indicated and Inferred Mineral Resource estimates for the Kalgan Creek, Sirius and Coondiner Deposits, as reported to the ASX

on 4 December 2012, 26 February 2013 and 19 April 2013 respectively. The Mineral Resource estimates were prepared by Golder Associates and classified in accordance with the guidelines of the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("The JORC Code"). They have been estimated within geological boundaries using a 54% Fe lower cut-off grade for DSO grade mineralisation.

The DSO Mineral Resources at the Ophthalmia Project total 290 Mt grading 59.1% Fe, as shown in Table 5.

In addition to the Mineral Resources, Exploration Targets for the Ophthalmia Project have increased to 42-93 Mt grading 56-61% Fe, including the 20-60 Mt grading 56-60% Fe estimated within the new Three Pools area (Top Forge and Crucible prospects) within E47/2280 (Table 6).

Table 5: Ophthalmia DSO Mineral Resource Summary

| Domosił                       | Class     | Tonnes | Fe   | CaFe* | SiO <sub>2</sub> | Al <sub>2</sub> O <sub>3</sub> | S     | Р    | LOI  |
|-------------------------------|-----------|--------|------|-------|------------------|--------------------------------|-------|------|------|
| Deposit                       | Class     | (Mt)   | (%)  | (%)   | (%)              | (%)                            | (%)   | (%)  | (%)  |
|                               | Indicated | 12.5   | 59.3 | 62.6  | 4.02             | 4.79                           | 0.007 | 0.20 | 5.41 |
| Kalgan Creek                  | Inferred  | 39.7   | 59.1 | 62.5  | 4.53             | 4.55                           | 0.005 | 0.17 | 5.56 |
|                               | Subtotal  | 52.1   | 59.1 | 62.6  | 4.41             | 4.60                           | 0.006 | 0.18 | 5.52 |
| O lin (D - III                | Indicated | 82.5   | 58.1 | 61.7  | 5.61             | 4.48                           | 0.008 | 0.17 | 5.76 |
| Coondiner (Pallas and Castor) | Inferred  | 46.4   | 58.7 | 62.1  | 5.37             | 4.40                           | 0.006 | 0.18 | 5.44 |
| dria Castor)                  | Subtotal  | 128.9  | 58.3 | 61.8  | 5.52             | 4.45                           | 0.008 | 0.17 | 5.64 |
| Sirius                        | Inferred  | 109.0  | 60.0 | 63.3  | 4.57             | 3.78                           | 0.009 | 0.18 | 5.16 |
| Total (DSO) — Ophtho          | ılmia     | 290.0  | 59.1 | 62.5  | 4.97             | 4.23                           | 0.008 | 0.17 | 5.44 |

<sup>\*</sup> CaFe represents calcined Fe and is calculated by Brockman using the formula CaFe = Fe%/((100-LOI)/100) Total tonnes may not add due to rounding

Table 6: Summary of Ophthalmia project Exploration Targets

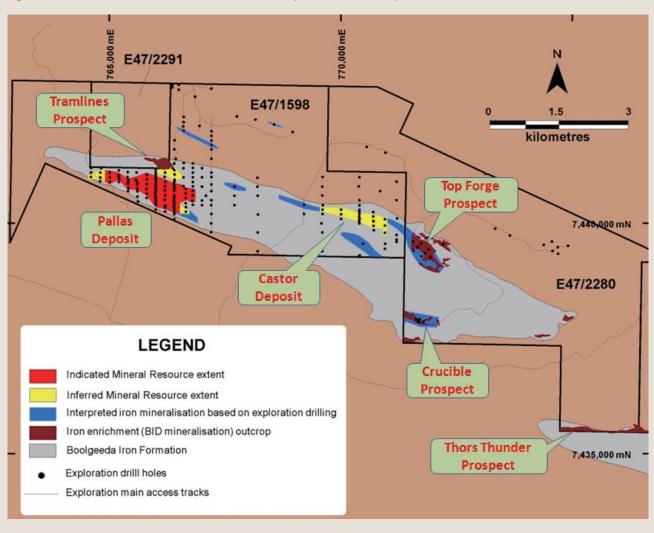
| Deposit      | Tonnes<br>From (Mt) | Tonnes<br>To (Mt) | Fe<br>From (%) | Fe<br>To (%) |
|--------------|---------------------|-------------------|----------------|--------------|
| Kalgan Creek | 8                   | 14                | 56             | 61           |
| Sirius       | 14                  | 19                | 56             | 61           |
| Three Pools* | 20                  | 60                | 56             | 60           |
| Ophthalmia   | 42                  | 93                | 56             | 61           |

<sup>\*</sup> Within the recently acquired tenement E47/2280

The above targets are based on limited drilling and surface geology and sampling information, which are insufficient for the estimation of Mineral Resources. The potential quantity and grade range quoted above are, therefore, deemed to be conceptual in nature and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

Mineralisation at all Deposits is hosted by the Boolgeeda Iron Formation and forms a sub-horizontal blanket up to 100 m thick, commencing from shallow depths. For this reason, it is expected that the stripping ratios will be low and that mining will be relatively straightforward.

Figure 2: Drill hole and Mineral Resource location map — Coondiner Deposits





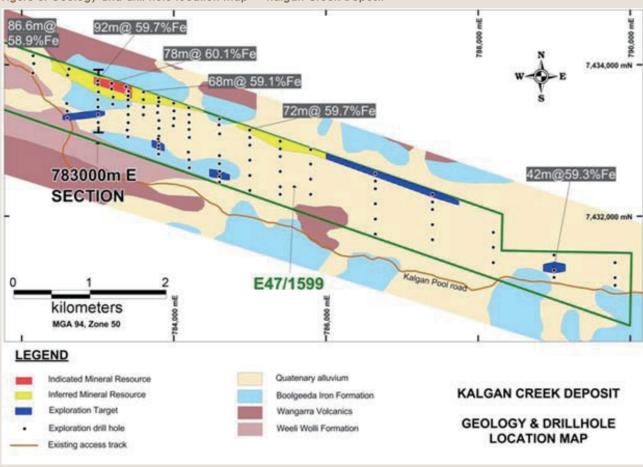
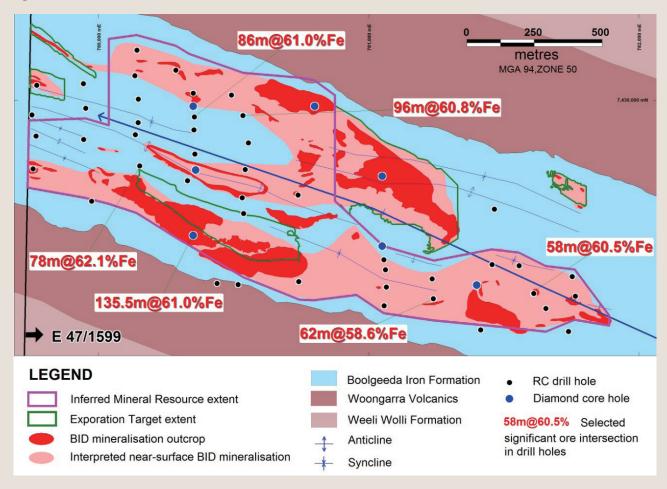


Figure 3: Geology and drill hole location map — Kalgan Creek Deposit

Figure 4: Drill hole locations and Mineral Resource extent at Sirius





#### **WEST PILBARA PROJECT**

#### Overview

The West Pilbara Project comprises a number of exploration tenements (Duck Creek, West Hamersley and Mt Stuart) over a 30 km radius and located about 110-150 km WNW of Paraburdoo in the West Pilbara region.

At Duck Creek, mineralisation comprises discrete mesas of channel iron deposits ("CID") 15-30 m above the surrounding plains with stripping ratios expected to be very low for the targets identified. Seven mesas containing ore grade CID mineralisation have been identified from surface sampling, but only six have been drilled due to access limitations.

An initial reconnaissance RC drilling program comprising 1,657 m in 45 holes, conducted during late 2010, confirmed significant DSO grade mineralisation at shallow depths (often commencing at surface), in all targets drilled. Mineralisation contains very low levels of the contaminant phosphorous. Other contaminant levels (silica and alumina) are comparable with other

West Pilbara CID Mineral Resources reported by aspiring producers. Significant results include:

- 20 m at 56.6% Fe (61.5% CaFe) from 1 m in DRC032
- 17 m at 56.8% Fe (61.8% CaFe) from 0 m in DRC029
- 19 m at 55.3% Fe (62.0% CaFe) from 4 m in DRC008
- 16 m at 54.6% Fe (62.0% CaFe) from 4 m in DRC002

Brockman has completed an Inferred Mineral Resource estimate of 18.3 Mt grading 56.5% Fe, for the channel iron deposit ("CID") mineralisation at Duck Creek (E47/1725), as detailed in Table 7 below. The Mineral Resource estimate been classified in accordance with guidelines provided in the JORC Code. The Mineral Resource estimate is based on the results of 45 vertical RC holes drilled on sections varying from approximately 200 to 400 m apart along the long axis of each mesa, supported by surface sampling to confirm the lateral extent of mineralisation.

Table 7: Duck Creek Mineral Resource estimate — (at a lower cut-off grade of 54% Fe)

| Mesa | Classification | Tonnes<br>(Mt) | Fe<br>(%) | CaFe*<br>(%) | SiO <sub>2</sub> (%) | Al <sub>2</sub> O <sub>3</sub> (%) | P<br>(%) | \$<br>(%) | LOI<br>(%) |
|------|----------------|----------------|-----------|--------------|----------------------|------------------------------------|----------|-----------|------------|
| 1    | Inferred       | 4.1            | 55.8      | 63.2         | 4.40                 | 2.69                               | 0.032    | 0.058     | 11.8       |
| 2    | Inferred       | 5.1            | 56.6      | 64.1         | 3.58                 | 2.44                               | 0.041    | 0.037     | 11.7       |
| 3    | Inferred       | 2.3            | 56.4      | 61.6         | 5.71                 | 4.53                               | 0.065    | 0.023     | 8.4        |
| 4    | Inferred       | 1.4            | 56.4      | 61.9         | 6.43                 | 3.34                               | 0.077    | 0.087     | 8.9        |
| 5    | Inferred       | 3.0            | 56.3      | 61.4         | 6.32                 | 4.07                               | 0.071    | 0.020     | 8.4        |
| 6    | Inferred       | 2.4            | 58.0      | 62.8         | 5.15                 | 3.25                               | 0.112    | 0.015     | 7.6        |
| All  | Inferred       | 18.3           | 56.5      | 62.8         | 4.91                 | 3.22                               | 0.060    | 0.037     | 10.0       |

<sup>\*</sup> CaFe represents calcined Fe and is calculated by Brockman using the formula CaFe = Fe%/((100-LOI)/100)

**Geological Units** Turee Creek Group Weeli Wolli Formation Boolgeeda Iron Formation Brockman Iron Formation Mesa 2 Woongarra Rhyolite Mesa 1 Linear Units / Structures --- Dolerite dyke --- -- Quartz vein 7,505,000 mN Anticline - Fault Syncline ---- Trend of bedding OTHERS Mesa 4 CID mesas RC drill holes Mesa 5 Mesa 3 Mesa 6 E 47/1725 Mesa 7 **INDEX MAP** Karratha Exmouth **DUCK CREEK** Paraburdoo kilometres

Figure 5: Drill hole locations and CID mesas at Duck Creek

The West Hamersley prospect comprises one granted Exploration Licence (E47/1603) covering 54 km<sup>2</sup> and containing extensive areas of outcropping Brockman Iron Formation.

In late 2012, Brockman drilled two helicopter supported diamond drill holes at West Hamersley. Hole WHDD001 intersected a 17.7 m thick zone of DSO mineralisation grading 57.93% Fe from 1.3 m (0 to 1.3 m no samples recovered due to difficult drilling conditions).

More significantly, the intersection includes a zone of supergene BID (bedded-iron-deposit style) mineralisation of 9.9 m at 57.92% Fe from 9.1 m, immediately beneath the detrital hematite canga (or conglomerate) mineralisation. This is the first intersection of BID mineralisation at West Hamersley and opens up the possibility of more extensive mineralisation at depth. Additional mapping is required to determine the stratigraphy and structural orientation of the BID mineralisation.



The Mt Stuart prospect comprises two Exploration Licences containing outcropping CID mineralisation as mapped by the Geological Survey of Western Australia. A single helicopter supported diamond drill hole at Mt Stuart in late 2012 returned an intersection of 11 m at 56.61% Fe from 7 m, confirming the estimated thickness of DSO grade mineralisation.

The West Pilbara results confirm the prospectivity of Brockman's tenure in the area and support the Company's objective of developing a production hub in the West Pilbara, as part of its broader resource and business development strategy in the Pilbara region.

#### OTHER PROJECTS

#### Irwin-Coglia Ni-Co And Ni-Cu Prospect — 40% Interest

The Group has a 40% interest in the Irwin–Coglia nickellaterite project, located about 150 km south-east of Laverton in Western Australia. The remaining 60% interest in the Joint Venture is held by Murrin Murrin Holdings Pty Ltd and Glenmurrin Pty Ltd, the owners of the Murrin–Murrin Ni-Co laterite mine and high-pressure acid leach treatment plant near Laverton.

Mining studies by Murrin Murrin show that the ore body represents high potential value but this value cannot be currently realised due to chloride in feed constraints. In 2012, Murrin Murrin has carried out further studies on the washing of chloride from its high chloride deposits (including Irwin – Coglia) but limits on the amount of low-chloride wash water available and the cost of installing excess capacity continue to restrict the wash capacity available. Murrin Murrin is continuing to take steps to allow incremental increases in chloride levels in the process plant feed. Desktop investigations indicate low salinity water may be available from an area east of the deposits, which may provide an opportunity for a chloride wash process.

#### CANNING BASIN COAL

Brockman has nine exploration licence applications covering approximately 1,270 km² within the Canning Basin, considered highly prospective for thermal coal resources. Brockman is in discussion with third parties regarding these properties.

#### **Competent Persons Statements**

The information in this report that relates to Mineral Resources and Ore Reserves at Marillana and Ophthalmia is based on information compiled by Mr. I Cooper, Mr. J Farrell and Mr. A Zhang.

The information in this report that relates to Mineral Resources at Duck Creek is based on information compiled by Mr. A Zhang.

The Ore Reserves statement has been compiled in accordance with the guidelines defined in the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (The JORC Code — 2004 Edition). The Ore Reserves have been compiled by Mr. Iain Cooper, who is a Member of Australasian Institute of Mining and Metallurgy and a full time employee of Golder Associates Pty Ltd. Mr. Cooper has sufficient experiences in Ore Reserve estimation relevant to the style of mineralisation and type of deposit under consideration to qualify as Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Cooper consents to the inclusion of the matters based on this information in public releases by Brockman, in the form and context in which it appears.

Mr. J Farrell, who is a Member of the Australasian Institute of Mining and Metallurgy and a full-time employee of Golder Associates Pty Ltd, produced the Mineral Resource estimates for Marillana and Ophthalmia based on the data and geological interpretations provided by Brockman. Mr. Farrell has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Farrell consents to the inclusion in this report of the matters based on his information in the form and context that the information appears.

Mr. A Zhang, who is a Member of the Australasian Institute of Mining and Metallurgy and a full-time employee of Brockman Mining Australia Pty Ltd, provided the geological interpretations and the drill hole data used for the Mineral Resource estimations at Marillana and Ophthalmia project. He produced the Mineral Resource estimate for Duck Creek based on data and geological compilation by Brockman. Mr. Zhang has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Zhang consents to the inclusion in this report of the matters based on his information in the form and context that the information appears.

#### **Exploration Targets**

Any discussion in relation to the potential quantity and grade of Exploration Targets is only conceptual in nature. There has been insufficient exploration to define a Mineral Resource for these tenements and it is uncertain if further exploration will result in determination of a Mineral Resource for the West Hamersley tenements or other prospects on the Company's landholding outside of the currently defined JORC compliant resources at the Company's Marillana Project.

The information in this report that relates to exploration results is based on information compiled by Mr. A Zhang, who is a Member of the Australasian Institute of Mining and Metallurgy and a full-time employee of Brockman Mining Australia Pty Ltd. Mr. Zhang has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration

and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Zhang consents to the inclusion in this report of the matters based on his information in the form and context that the information appears.

#### MINING BUSINESS — YUNNAN, PRC

Our copper mining business comprises the exploitation, processing and sales of copper, silver and other mineral resources in the Yunnan Province of the PRC, through the operation of a 90% owned subsidiary of the Company — Luchun Xingtai Mining Co., Ltd ("Luchun") which is the mine operator of the Damajianshan Mine.

Production and operation results for the year ended 30 June 2013 were summarised as follows:

|   | Twelve months ended<br>30 June |               |  |  |
|---|--------------------------------|---------------|--|--|
|   | 2013                           | 2012          |  |  |
| Copper ore processed                              | 218,671 tonnes                 | 77,740 tonnes |  |  |
| Production of Copper Ore Concentrates             | 1,042 Metal (t)                | 390 Metal (t) |  |  |
| Sales of Copper Ore Concentrates                  | 1,008 Metal (t)                | 431 Metal (t) |  |  |
| Average selling price per Metal (t) (without VAT) | RMB40,388                      | RMB39,497     |  |  |

During the year, the turnover of this segment was approximately HK\$50.3 million (2012: HK\$20.8 million), and the segment loss before interest, taxes, amortisation and impairment of mining right was approximately HK\$9.4 million (2012: HK\$30.4 million).

Installation works, re-routing of power supply and copper plant upgraded has occupied our agenda during the year, which aimed to boost production capacity. Production of copper ore was therefore halted on-and-off for such reasons.

With uninterrupted production post the completion of installation works and copper plant expansion, operational performance across our Damajianshan Mine was pleasing with 167% increase in copper ore processing to a total of 1,042 metal(t) from 2012.

Although base metals prices demonstrated a significant fluctuation during 2013, the business segment still recorded an increase in revenue, in which higher total sales volumes have offset the impact of the volatility of copper prices.

A production plan for 2014 has been drawn up for the purpose of optimising efficiency and productivity on our mining site. Management expects that 2014 production will be relatively stable as a result of the additional capacity of 2013 reinstallation of production line and updated electric power supply.

In view of the historical interruption in the production activities, management will continuously monitor and revisit the long-term production and capital investment plans based on the circumstance of the mine and the general economic environment.

#### Impairment of loss

The volatility of copper price and revision of production and capital investment plans, are considered to be impairment indicators which triggered the need to perform an impairment assessment. Based on the impairment assessment, an impairment loss of approximately HK\$243,000,000 was recognised for the year (2012: HK\$114,000,000).





#### **Summary of Expenditure**

The cost of sales of the mining segment mainly included mining, processing and refining, ore transportation and waste disposal costs.

Total expenditure associated with the mining operation (excluding amortisation and impairment of mining right) in the PRC during the year amounted to approximately HK\$60.0 million (2012: HK\$51.2 million). Expenditure associated with exploration activities amounted to approximately HK\$12.2 million (2012: HK\$1.8 million).

#### **Mining License**

During the year, the temporary mining right certificate has been extended to June 2014.

The management considers that the Group will be able to renew the mining right certificate continuously at minimal charge.

#### Schedule and location of Mining Tenements

The Damajianshan Mine is located in Qimaba Township, Luchun County of Yunnan Province in the PRC. It is near the border between the PRC and Vietnam. The Group's wholly-owned subsidiary, Smart Year, owns 90% of Luchun.

Mining Permit No. 5300000720259

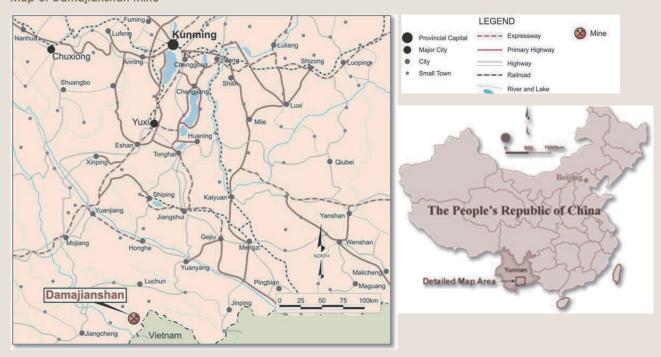
**Registered holder** 100% by Luchun Xingtai

**Domicile** Fengqing Garden, Luchun county, Honghe Prefecture, Yunnan Province

Name of the Mine Luchun Xingtai Damajianshan Copper Mine

Type of minerals Copper
Exploitation manner Underground

#### Map of Damajianshan Mine



\* As shown in the table above, the total amount of copper ore processed during the year amounted to 218,671 tonnes (2012: 77,740 tonnes), representing approximately 2.9% of the total JORC Ore Reserves and approximately 1.4% of the total JORC Ore Resources for the Damajianshan Mine. Since the date of the Resource statement, the total ore processed amounted to approximately 253 kt, representing approximately 3.3% of the total JORC Ore Reserves and 1.7% of the JORC Ore Resources. The Board considers that there was no material change to the JORC Resources and Reserves and shall engage Competent Person to review again the Resources and Reserves number should the production scale increases further.

JORC Copper Ore Reserves for the Damajianshan Mine are set out in the following table and there is no significant change since 11 November 2011.

These estimates were included in the Independent Geologist's Report dated 11 November 2011 prepared by Christopher Arndt, Consulting Geologist in collaboration with Xianping Zhu, Consulting Geophysicist, and Huairen Liu, Consulting Geologist in accordance with the JORC Code.

Given these estimates, the mine operation has the potential to produce over 1,000 tonnes per day for more than 18 years.

As at November 2011, the Damajianshan Mine had Ore Reserves of 7,554 kt.

| JORC Code        | Tonnage             | Grades |      |      |      |      |        |
|------------------|---------------------|--------|------|------|------|------|--------|
| Mineral Resource | (kilotonnes) ("kt") | Cu%    | As%  | Pb%  | Zn%  | Bi%  | Ag g/t |
| Measured         | 4,408               | 1.79   | 6.83 | 1.54 | 0.37 | 0.24 | 51.1   |
| Indicated        | 3,153               | 1.70   | 7.52 | 1.79 | 0.52 | 0.25 | 57.4   |
| Subtotal         | 7,561               | 1.75   | 7.11 | 1.64 | 0.43 | 0.24 | 53.6   |
| Inferred         | 7,678               | 1.61   | 6.48 | 2.18 | 0.48 | 0.24 | 63.1   |
| Total            | 15,239              | 1.68   | 6.80 | 1.91 | 0.46 | 0.24 | 58.3   |

| JORC Code Reserve | Tonnage (kilotonnes) ("kt") | Grades |      |      |        |  |  |
|-------------------|-----------------------------|--------|------|------|--------|--|--|
|                   | Tomage (kilotomies) ( ki )  | Cu%    | As%  | pb%  | Ag g/t |  |  |
| Proved            | 4,404                       | 1.49   | 5.70 | 1.28 | 42.6   |  |  |
| Probable          | 3,150                       | 1.42   | 6.28 | 1.49 | 47.9   |  |  |
| Total             | 7,554                       | 1.46   | 5.94 | 1.37 | 44.8   |  |  |

#### **Exploration**

During the reporting period, the Group has carried out a series of measures to enhance production. The electricity pipelines and crushing machines were installed and boosted the production volumes of the Damajianshan Mine. A new design for tailing dams is being developed and is expected to complete in the coming year. Safety, environment and various geotechnical risks are being considered as top priority.

Exploration activities and tunnelling works continued during the reporting period. The exploration activities are aimed to find additional resources in order to support the Group's further expansion plan. New drilling works and detailed prospecting and scoping plans are now being planned to better define the lithology, grade and assemblage within the mining lease.

#### TRANSPORTATION SERVICES BUSINESS

#### **Provision of transportation services**

The transportation services segment is operated by Parklane Limousine Service Limited and Airport Shuttle Services Limited, both operations are wholly owned by Perryville Group Limited (collectively the "Perryville Group").

During the year ended 30 June 2013, this segment has recorded a revenue of approximately HK\$108.3 million (2012: HK\$112.0 million). This segment recorded a loss before interest, taxes, amortisation and impairments of HK\$2.7 million (2012: HK\$3.1 million). Hong Kong remains the largest market of this segment and has contributed over 78% of revenue under this segment during the year.

In the reporting period, we continued to face keen competition in the industry as more companies now offer similar services with more competitive pricing. The Group aimed to maintain its leading position in the high-end limousine service industry by providing the best quality services to customers at reasonable prices.





Revenue for the year ended 30 June 2013 were summarised as follows:

|             | Twelve mo | nths ended<br>lune |
|-------------|-----------|--------------------|
|             | 2013      | 2012               |
| Revenue     |           |                    |
| — Hong Kong | 84,954    | 78,465             |
| — PRC       | 23,304    | 33,541             |

In the PRC, we provide limousine rental services in three cities namely Shenzhen, Guangzhou and Shanghai. Overall turnover from the China operations was HK\$23.3 million (2012: HK\$33.5 million).

Management will continue to monitor the market development and formulate the best business strategy so as to sustain our overall profit margin.

During the reporting period, the loss-making Shenzhen operation of the limousine business was closed down and the limousine business has refocused to more preferred markets in the PRC.

#### LIQUIDITY AND FINANCIAL RESOURCES

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The Group generally finances its short term funding requirement with cash generated from operations, banking facilities, borrowings and equity placement. The Group's ability to achieve its Marillana iron ore project development schedule is reliant on access to appropriate and timely funding.

During the reporting period, the Group has raised cash from the subscription of new shares and the issue of convertible bonds.

The current ratio is measured at 1.43 times as at 30 June 2013 compared to 1.32 times as at 30 June 2012.

The gearing ratio of the Group (long term debts over equity and long term debts) is measured at 0.01 (2012: 0.06). As at 30 June 2013, the Group had total bank and other borrowings amounted to approximately HK\$25.2 million, all of which are secured, approximately

HK\$17.6 million is due within one year and the balance of HK\$7.6 million is due more than one year.

During the reporting period, the Group did not engage in the use of any financial instruments for hedging purposes, and there is no outstanding hedging instrument as at 30 June 2013.

#### CAPITAL STRUCTURE

During the reporting period, the Company has the following movements in the share capital as follows:

- (a) Pursuant to the takeover offer launched on 12 December 2011 in relation to the second takeover offer for Brockman Mining Australia Pty Ltd, the last batch of consideration shares totaling 49,054,662 ordinary shares were issued in August 2012, marking 100% ownership of Brockman Mining Australia Pty Ltd.
- (b) On 21 September 2012, the Company issued bonds of an aggregate principal amount of HK\$156,000,000 with an interest rate of 12%.
- (c) Pursuant to a subscription agreement dated 2
  November 2012, a total of 190,243,902 ordinary
  shares were issued on 9 January 2013 at an issue
  price of HK\$0.41 per share upon shareholders'
  approval being sought, in which a bond issued
  by the Company to China Guoyin Investments
  (HK) Ltd on 21 September 2012 was redeemed
  in full and the proceeds were applied to the
  subscription of shares.
- (d) Pursuant to a subscription agreement dated 2
  November 2012, a bond issued by the Company
  to Ocean Line was redeemed in full and the
  proceeds were applied for a subscription of
  Convertible Bond with a principal amount of
  HK\$78,000,000 and interest rate of 5% by Ocean
  Line Holdings Ltd.

- (e) On 19 February 2013, the following convertible bonds held by Ocean Line Holdings Ltd were converted into a total of 480,143,902 ordinary shares:
  - the convertible bond (expiry 10 January 2014) with a principal amount of HK\$95,940,000 was converted into 159,900,000 ordinary shares at HK\$0.6 per share;
  - the convertible bond (expiry 19 April 2015)
     with a principal amount of HK\$78,000,000
     was converted into 130,000,000 shares at HK\$0.6 per share; and
  - the convertible bond (expiry 9 January 2016) with a principal amount of HK\$78,000,000 was converted into 190,243,902 shares at HK\$0.41 per share. There were no outstanding convertible debts in issue after the conversion.

#### **PLEDGE OF ASSETS**

As at 30 June 2013, motor vehicles with an aggregate carrying value of HK\$5,166,000 (2012: HK\$8,950,000) were pledged to secure general banking facilities granted to a subsidiary of the Company. At 30 June 2013, a subsidiary of the Company leases various motor vehicles with carrying value of approximately HK\$18,278,000 (2012: HK\$19,298,000) under non-cancellable finance lease arrangement. The rights to the leased motor vehicles are reverted to the lessor in the event of default of lease liabilities.

#### **RISK DISCLOSURE**

#### Market risk

The Group is exposed to various types of market risks, including fluctuations in copper price and exchange rates.

#### (a) Commodities Price Risk

#### **Copper Ore Concentrate Price Risk**

The Group's turnover and profit of the mining business during the year were affected by fluctuations in the copper prices. All of our mining products were sold at market prices and the fluctuation of the price were beyond the control of the Group.

#### Iron Ore Price Risk

The fair value of the Group's mining properties in Australia are exposed to fluctuations in the iron ore price.

We have not used any commodity derivative instruments or futures for speculation or hedging purposes. The management will review the market condition from time to time and determine the best strategy to deal with the fluctuation of copper ore concentrate price and iron ore price.

#### (b) Exchange Rate Risk

The Group is exposed to exchange rate risk primarily in relation to our mineral tenements that are denominated in Australian dollars. Depreciation in Australian dollar may adversely affect our net asset value and earnings when the value of such assets is converted to Hong Kong dollars. During the year, no financial instrument was used for hedging purpose.

#### **CONTINGENT LIABILITIES**

#### Financial guarantee

During the year, the Company has given corporate guarantees to several banks in relation to banking facilities granted by those banks to certain whollyowned subsidiaries. At 30 June 2013, such facilities were drawn by those wholly-owned subsidiaries to the extent of HK\$10,781,000 (2012: HK\$21,271,000) and the maximum liability of the Company under the guarantees was HK\$75,200,000 (2012: HK\$75,200,000).

#### Native title claims

Native title claims have been made with respect to areas which include tenements in which controlled entities of the Group have interests, and these controlled entities are unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect them or their projects.

Save as disclosed above, the Group does not have other contingent liabilities as at 30 June 2013.

#### STAFF AND REMUNERATION

As at 30 June 2013, the Group employed 581 full time employees (2012: 657 employees), of which 423 employees were in the PRC (2012: 495 employees), and 25 employees were in Australia (2012: 37). The remuneration of employees includes salary, discretionary bonus and share based compensation.

The remuneration policy and packages of the Group's employees, senior management and directors are maintained at market level and reviewed annually and when appropriate by the management and the remuneration committee.



#### **ANNUAL REPORT 2013**

## **DIRECTORS AND MANAGEMENT**



#### NON-EXECUTIVE DIRECTORS

#### Mr. Kwai Sze Hoi

Mr. Kwai Sze Hoi, aged 63. He is the Chairman of the Group. Mr. Kwai graduated from Anhui University in 1975. Mr. Kwai has more than 30 years of experience in international shipping and port operation businesses, and is a successful entrepreneur. In 1990, he founded Ocean Line Holdings Ltd ("Ocean Line"). Ocean Line wholly owns, operates and manages a fleet of total deadweight tonnage of 3 million metric tonnes, with routes running worldwide. Besides, Ocean Line invests in infrastructures and operates other shipping related businesses including ports, terminals, warehouses, logistics, ship repairs and crew manning etc. The diversified business of Ocean Line puts it in a highly competitive position globally. Meanwhile, Ocean Line also invests in real estate, mining, financial services, securities, trading and hotel businesses, which makes Ocean Line a dynamic multinational conglomerate with shipping business as the strategic focus. Mr. Kwai is the father of Mr. Kwai Kwun, Lawrence, the Vice President of the Group.

#### Mr. Liu Zhengui

Mr. Liu Zhengui, aged 66. Mr. Liu joined the Group since April 2012, and became the Vice Chairman of the Group since June 2012. Mr. Liu has over 40 years of experience in corporate finance and capital management. Mr. Liu holds a bachelor degree in management engineering from HeFei University of Technology. He is currently a director of Shandong School of Economics and Social Development (山東社會經濟發展研究院) and is the chairman of Shandong Dongyin Investment Management Co., Ltd(山東東銀投資管理有限公司). He is also a financial consultant of the Shandong provincial government. Mr. Liu is currently an independent non-executive director of Reorient Group Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock Code: 376). During the period of 2004 to 2009, Mr. Liu was the chairman of Bank of China Group Investment Limited (BOCGI). Prior to that, he served as the chief executive of Bank of China's branches in three different provinces for 16 years.

#### Mr. Warren Talbot Beckwith

Mr. Warren Talbot Beckwith, aged 74. Mr. Beckwith joined the Company as a Non-Executive Director effective from June 2012. Mr. Beckwith is also a non-executive director of certain subsidiaries of the Company. Currently, he is a director and chairman of the audit committee of China Properties Group Limited (a company listed in Hong Kong, stock code: 1838). He is also a director of Gondwana Resources Limited (an ASX-listed junior explorer, stock code: GDA). Mr. Beckwith is a director of a corporate advisory group with Perth and Hong Kong offices. For 13 years he was a partner in international chartered accountancy firms, including being a senior partner of a predecessor firm of Ernst & Young, Hong Kong.

#### Mr. Ross Stewart Norgard

Mr. Ross Stewart Norgard, aged 67. Mr. Norgard joined the Company as Non-Executive Director in August 2012. He is a chartered accountant and former managing director of KMG Hungerfords and its successor firms in Perth, Western Australia. For the past 30 years he has worked extensively in the fields of raising venture capital and the financial reorganisation of businesses. He has held numerous positions on industry committees including past chairman of the Western Australian Professional Standards Committee of the Institute of Chartered Accountants, a current member of the National Disciplinary Committee, a former member of Lionel Bowens National Corporations Law Reform Committee, chairman of the Duke of Edinburghs Awards Scheme and a former member of the University of Western Australia's Graduate School of Management (MBA programme). Mr. Norgard is also a director of nearmap Limited (formerly known as Ipernica Limited (Chairman since 1987) and was a director of Ammtec Ltd from 1994 to November 2010. Prior to his present appointment as non-executive director of the Company, he was the non-executive deputy chairman of Brockman Resources Limited, a former ASXlisted entity now being the Company's wholly owned subsidiary.

### **DIRECTORS AND MANAGEMENT**

#### **EXECUTIVE DIRECTORS**

#### Mr. Luk Kin Peter Joseph

Mr. Luk Kin Peter Joseph, aged 42, joined the Group in February 2009. He is the Chief Executive Officer of the Company and a director of certain subsidiaries of the Company. He is also a member of the Executive Committee. Mr. Luk holds a Master degree in Business Administration and the professional qualification of Chartered Financial Analyst. Mr. Luk has worked in several international financial institutions and he is well-experienced in international financial and investment management.

#### Mr. Chan Kam Kwan, Jason

Mr. Chan Kam Kwan, Jason, aged 40, joined the Group in January 2008. He is the Company Secretary and a director of certain subsidiaries of the Company. He is also a member of the Executive Committee. Mr. Chan graduated from the University of British Columbia in Canada with a Bachelor of Commerce Degree and is a member of the American Institute of Certified Public Accountants. Mr. Chan has extensive experience in corporate finance.

# INDEPENDENT NON-EXECUTIVE DIRECTORS

#### Mr. Lau Kwok Kuen, Eddie

Mr. Lau Kwok Kuen, Eddie, aged 57, joined the Group in December 2007. He graduated from the Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) and is a fellow member of The Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountant of the United Kingdom. He has been practicing as a Certified Public Accountant in Hong Kong since 1982.

#### Mr. Uwe Henke Von Parpart

Mr. Uwe Henke Von Parpart, aged 72, joined the Group in January 2008. He received a Fulbright scholarship and did his graduate work in mathematics and philosophy (Ph.D.) at Princeton University and the University of Pennsylvania.

Mr. Parpart is the managing director and the chief strategist in Reorient Financial Markets Limited ("Reorient"). Prior to his position in Reorient, he was the chief economist and strategist for Asia at Cantor Fitzgerald ("Cantor") in Hong Kong. In this capacity, he was responsible for macro-economic, fixed-income and equity-markets research and strategy in Asia. He joined Cantor in August, 2006. His analysis are published on a weekly and daily basis and frequently featured on CNBC Asia and Bloomberg TV. Prior to joining Cantor, Mr. Parpart worked for four years as a senior currency strategist at Bank of America, Hong Kong, covering both currencies and bonds. Mr. Parpart has also contributed to numerous magazines and newspapers and until recently was a columnist for Forbes Global and Shinchosha Foresight Magazine (Tokyo).

#### Mr. Yip Kwok Cheung, Danny

Mr. Yip Kwok Cheung, Danny, aged 49, joined the Group in August 2009. He is an Australian citizen and graduated from the Australian National University majoring in Economic and Accountancy. Mr. Yip has extensive experience as the internet strategist, entrepreneur and specialist in international trade. He was also the founder of several service-oriented business in Hong Kong and Australia, and he was the founder of Tradeeasy Holdings Limited (now known as Merdeka Resources Holdings Limited ("Merdeka")) in 1996. He had been the executive director and chief executive officer of Merdeka (a company listed on the growth enterprise market of The Stock Exchange of Hong Kong Limited) until June 2007.

#### SENIOR MANAGEMENT

#### Mr. Kwai Kwun, Lawrence

#### **Vice President**

Mr. Kwai Kwun, Lawrence, aged 32, serves the Group as Vice President and member of the Executive Committee of the Company. Mr. Kwai has extensive experience in investment in mining, property, hotel, finance company, port operation, international shipping and ship building. Mr. Kwai graduated from Harvard University in the United States with a Bachelor of Mathematics degree. Mr. Kwai's role with the Company focuses on the oversight of investment of the Group. Mr. Kwai is the son of Mr. Kwai Sze Hoi, the Chairman of the Group.

#### Mr. Derek Humphry

#### **Chief Financial Officer**

Mr. Derek Humphry, aged 45. Mr. Humphry is a qualified Chartered Accountant with over 20 years' accounting and industry experience, more recently focusing in the areas of corporate consolidation, mineral project evaluation, and joint venture, debt and equity financing. He started his career with an international Chartered Accounting firm and has since worked with industrial minerals, gold, and nickel producers.

In the past ten years Mr. Humphry has been involved in ASX, AIM and TSX listings, mergers, and the development of several new mines.

#### IRON ORE OPERATIONS — AUSTRALIA

#### Mr. Russell Tipper

#### Chief Executive Officer of Australian Operation

Mr. Russell Tipper, aged 59, has over 35 years' experience in mining operations, finance and project development throughout Australia. A mining engineer, he has worked in senior management and operational roles in steel raw materials operations, producing iron ore, coal and manganese for both Robe River Mining Ltd and BHP Billiton. Most recently, Russell was employed as general manager – Iron Ore at Aquila Resources Limited.

#### Mr. Graeme Carlin

#### **General Counsel**

Mr. Graeme Carlin, aged 47, has over 18 years' legal experience which has been focused on energy and resources law and related project development.

He has had private practice experience working with top tier energy and resources, boutique corporate and government practices. Half of Mr. Carlin's practice experience has been as in-house counsel working with multi-national and Australian companies operating in the energy and resources sectors. His work includes providing advice to listed, unlisted and foreign corporations.

Mr. Carlin has had drafting and negotiation experience with mining and oil and gas interests relating to project sales and acquisitions, debt and capital raisings, gas sales and transmission, joint ventures, technology transactions, general corporate and commercial matters and corporate governance.

Mr. Carlin's technical legal experience includes having direct interactions with regulators of the Western Australian State Agreement regime, third party access regimes, mining and oil and gas legislation and the Native Title Act.

Mr. Carlin holds a Bachelor of Laws and a Bachelor of Commerce from Murdoch University in Western Australia and a Graduate Diploma in Applied Corporate Governance from Chartered Secretaries Australia.

## **DIRECTORS AND MANAGEMENT**

#### Mr. Kevin Watters

#### General Manager — Project Development

Mr. Watters has over 35 years' experience in mine and ore transportation infrastructure engineering, construction and operations and previously held the role of project director for Australian Premium Iron Pty Ltd, responsible for the APIJV West Pilbara Iron Ore Project, a major iron ore project involving the development of greenfield mine, rail and port facilities in the western Pilbara region.

He has extensive experience in the Western Australian iron ore industry, having held key project management roles originally as Port Manager Finucane Island for Goldsworthy Mining Limited (then BHP Iron Ore Limited) and as GM Projects and Engineering, Portman Mining (now Cliffs Natural Resources). Mr. Watters also played a major role as General Manager Northern Operations in the post construction development and operation of the Tiwest JV mineral sands mining and processing operations north of Perth.

Mr. Watters has significant depth and maturity of understanding of operations and project development across mining, mineral processing, railways and port infrastructure projects in Western Australia.

#### Mr. Colin Paterson

#### General Manager — Resources and Business Development

Mr. Colin Paterson, aged 52, has over 30 years' experience in the resources sector covering a diverse range of geological environments throughout Australia, but principally in Pilbara iron ore as well as gold and nickel exploration in the Archaean of Western Australia. He has extensive experience in the technical supervision of exploration projects; resource development, project generation and project evaluations. He was principal geologist with Asarco Australia Ltd and held a similar position with Mining Project Investors Pty Ltd (subsequently MPI Mines Limited). Following which he was founding director of Brockman Mining Australia Pty Ltd.

#### Ms. Michelle Manook

#### General Manager — External Affairs

Ms. Michelle Manook, aged 41, has over 20 years strategic corporate, government affairs and investor relations experience gained in some of the most complex industries, including resources; downstream infrastructure/utilities; government and regulation, and finance/private equity mergers and acquisitions.

Ms. Manook's early career encompassed various senior policy and project roles in the Western Australian State Government. She has most recently held senior management roles in mid to large cap public (ASX, AIM, LSE) and private companies encompassing national and international operations in Australia, South East Asia, United Kingdom and West Africa, including Woodside Energy Limited, Roc Oil Ltd and Epic Energy Pty Ltd.

Ms. Manook holds a Bachelor of Arts and post graduate qualifications, both from The University of Western Australia.



#### MINING OPERATIONS — PRC

Ms. Zhang Li

Director of Luchun Xingtai — Damajianshan Mine Operation

Ms. Zhang Li, aged 49, is the director of Luchun Xingtai Mining Co Ltd. She is one of the founders of Luchun Xingtai Mining Co Ltd and she is responsible for the oversight of the Damajianshan Mine operation. She has over 25 years of mining and exploration experience and extensive network in the mining industry in China. She graduated from the Kunming University of Science and Technology with a degree in Mining and Exploration and is a senior geological engineer.

# TRANSPORT SERVICES OPERATIONS — HK

Mr. Leung Chi Yan, Danny President of Perryville Group

Mr. Leung Chi Yan, Danny, aged 65, is the president of the Perryville Group which is principally engaged in the provision of limousine and airport shuttle transportation services in Hong Kong. Mr. Leung graduated from Newport University of Southern California with a Master of Business Administration degree. Mr. Leung has over 30 years of experience in limousine and airport shuttle transportation services.

## CORPORATE GOVERNANCE REPORT

# CODE ON CORPORATE GOVERNANCE PRACTICES AND ASX BEST PRACTICE RECOMMENDATIONS

The Company is listed on both the Australian Securities Exchange ("ASX") and the Stock Exchange of Hong Kong Limited ("SEHK"). The Company's Corporate Governance policies have been formulated to ensure that it is a responsible corporate citizen. Unless otherwise noted, during the year ended 30 June 2013, the Company complied with all aspects of the Revised CG Code (adopted and effective on 1 April 2012) as set out in Appendix 14 of the Rules Governing the Listing of Securities on the SEHK ("the HK Listing Rules") and the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations with 2010 Amendments" ("the ASX Principles"). A description of the Company's main corporate governance practices is set out below. All of these practices were in place for the whole of the financial year unless otherwise noted.

# DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a Securities Trading Policy which applies, inter alia, to all Directors and Key Management Personnel. The Securities Trading Policy complies with the ASX Listing Rules and the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the HK Listing Rules. Having made specific enquiry of all directors, directors of the Company confirmed that they have complied with the required standard as set out in the Model Code.

A copy of the Company's Securities Trading Policy is available on the website of the Company.

#### **BOARD OF DIRECTORS**

The Board is responsible to shareholders for the overall Corporate Governance of the Group including its strategic direction, establishing goals for management and monitoring the achievement of those goals with the objective of enhancing the Company and shareholders' value. The Board has delegated responsibility for the management of the Company's business and affairs to the Chief Executive Officer.

The responsibilities reserved for the Board of Directors are set out in the Board Charter, a copy of which is available on the website of the Company.

The Board Charter specifically addresses those directors' duties and responsibilities required by Section D.3.1 and D.3.2 of Appendix 14 of the HK Listing Rules. In addition

to the periodic review of the Board Charter, each Director was provided with a letter of appointment which outlined their key terms and conditions so each Director clearly understands their expectations.

The Board has been structured for an effective composition, size and commitment to adequately discharge its responsibilities and duties; specifically:

The Board consists of Directors who have a proper understanding of the Company's business and who can add value in the context of that business. Each of the Directors keeps abreast of his responsibilities as a Director of the Company and of the conduct, business activities and development of the Company. All Directors are updated from time to time with development in the laws and regulations applicable to the Company.

The Board includes an appropriate number of Directors who satisfy the criteria for independence. Each of the independent non-executive Directors has made an annual confirmation stating compliance with the independence criteria set out in Rule 3.13 of the HK Listing Rules. The Directors consider that all of the independent non-executive Directors to be independent under these independence criteria and are capable to effectively exercise independent judgment.

The Board conducts meetings on a regular basis as required by business needs. The Bye-laws of the Company allows board meetings to be conducted by way of telephone or video conference. Any resolutions can be passed by way of written resolutions circulated to and signed by all Directors from time to time when necessary except for matters in which a substantial shareholder or a director or their respective associates has a conflict of interest. The Board held 15 meetings during the year ended 30 June 2013 (the "Reporting Period").

The Company normally provides at least 14 days' notice of every Board meeting to all the Directors to give them an opportunity to attend. If such notice is not possible, permission to waive is obtained from the Directors.

Prior to each meeting of the Board, the Directors are provided with appropriate, complete and reliable information to ensure timely consideration before each Board meeting to enable them to make informed decisions. The Board is provided with the opportunity to meet independently from executive Directors as and when required, and at least twice a year. Each Director also has separate and independent access to senior management whenever necessary.





#### **BOARD MEMBERSHIP**

The Company considers that the Board has the necessary skills and experience appropriate for discharging their duties as Directors of the Company in the best interest of the Company and that the current board size is adequate for its present operations.

Biographical details of the Directors are stated under the section "Directors and Management".

Directors in office at the date of this report and their details are as follows:

|                        | Name of Director/role                              | Date of appointment | Period in Office<br>as at the date of<br>Annual Report | Attended/<br>Eligible<br>to attend* |
|------------------------|--|---------------------|--|-------------------------------------|
| Non-Executive          | Kwai Sze Hoi, Chairman                             | 15 June 2012        | 1.5 months   | 15/15                               |
| Directors              | Liu Zhengui, Vice Chairman                         | 27 April 2012       | 17 months  | 14/15                               |
| Directors              | Warren Talbot Beckwith                             | 15 June 2012        | 15 months  | 15/15                               |
|                        | Ross Stewart Norgard                               | 22 August 2012      | 13 months  | 12/13                               |
| Independent            | Lau Kwok Kuen, Eddie                               | 14 December 2007    | 69 months  | 15/15                               |
| •                      | Uwe Henke Von Parpart                              | 2 January 2008      | 68 months  | 15/15                               |
| Directors              | Yip Kwok Cheung, Danny                             | 5 August 2009       | 49 months  | 15/15                               |
|                        | David Michael Spratt<br>(Resigned on 14 June 2013) | 22 August 2012      | 10 months  | 12/12                               |
| Executive<br>Directors | Luk Kin Peter, Joseph, Chief Executive Officer     | 16 February 2009    | 55 months  | 15/15                               |
|                        | Chan Kam Kwan Jason,<br>Company Secretary          | 2 January 2008      | 68 months  | 15/15                               |
|                        | Chu Chung Yue Howard<br>(Resigned on 1 April 2013) | 7 November 2011     | 16 months  | 12/12                               |

<sup>\*</sup> Represents total number of board and general meetings held during the period. Determination of eligibility has taken into account of respective directors' period in office. A total of 15 meetings were held during the year ended 30 June 2013.

Whilst the Board is not comprised of a majority of Independent Non-executive Directors, it is believed a suitable balance between the composition of Executive and Non-executive Directors supported by a strong

element of independence can effectively exercise independent judgment.

The Board has established different sub-committees with members as at the date of this report as follows:

| Audit Committee    | Committee          | Sustainability<br>Committee                            | Risk Management<br>Committee   |
|--------------------|--------------------|--|--|
| Member             | Member<br>Member   | Member   | Chairman<br>Member   |
|                    |                    |  |  |
|                    |                    |  |  |
| Chairman<br>Member | Chairman<br>Member | Member   | Member   |
|                    | Chairman           | Member Member  Member  Chairman Member  Member  Member | Member Member Member  Member  Member  Member  Chairman  Member  Member  Member |

## CORPORATE GOVERNANCE REPORT

# CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the Chief Executive Officer and Chairman are separate and exercised by different individuals. Mr. Luk Kin Peter Joseph is the Chief Executive Officer. Mr. Kwai Sze Hoi is a non-executive Chairman and does not participate in the daily operation of the Group. The Board considers it has provided a clear separation of the roles, and ensured a balance of power and authority. Both of the Chairman and Chief Executive Officer held interests in the shares of the Company, and there are no other relationships between them saved as disclosed herein.

The Chairman is not independent as he is a substantial shareholder of the Company. The Board has determined that his commercial experience is more beneficial to shareholders than the independence test outlined in the Principles.

# APPOINTMENT AND RE-ELECTION OF DIRECTORS

In accordance with the Bye-laws of the Company and to comply with relevant HK Listing Rules, every Director should be subject to retirement by rotation at least once every three years. Non-executive Directors were appointed for a fixed term of 3 years. All Directors appointed to fill a casual vacancy should be subject to re-election by shareholders at the first annual general meeting after their appointment and not less than one-third of the Directors should be subject to retirement and re-election every year.

Messrs. Ross Stewart Norgard, Lau Kwok Kuen Eddie, and Yip Kwok Cheung Danny shall retire and offer themselves for re-election at the forth coming annual general meeting.

No directors' service contract contains a provision requiring greater than one year's notice or requires compensation greater than one year's emoluments.

# CONTINUOUS PROFESSIONAL DEVELOPMENT

The Company engaged legal advisors to provide training seminars to directors and members of senior management, with an objective to keep them abreast of the listing rules amendments and refresh their knowledge and skills on corporate governance. Attendees included majority of the board of directors, namely Messrs. Ross Stewart Norgard, Warren Talbot Beckwith, Chan Kam Kwan Jason, Chu Chung Yue, Lau Kwok Kuen Eddie, Uwe Henke Von Parpart, Yip Kwok Cheung Danny and David Michael Spratt, the Chief Executive Officer of our Australia office and members of the company secretary office. In addition to seminars organized by the Company, individual directors who possess professional designations received continuous professional development on their own, and the training they received was recorded by the Company. Mr. Chan Kam Kwan, being an Executive Director and the Company Secretary of the Company received no less than 15 hours of relevant professional training during the financial year. A summary of the types of training that the directors received during the year ended 30 June 2013 is as follows:

| Directors                           | Type of Training |
|-------------------------------------|------------------|
| Non-Executive Directors             |                  |
| Mr. Kwai Sze Hoi                    | В                |
| Mr. Liu Zhengui                     | В                |
| Mr. Ross Stewart Norgard            | A                |
| Mr. Warren Talbot Beckwith          | A                |
| Executive Directors                 |                  |
| Mr. Luk Kin Peter Joseph            | В                |
| Mr. Chan Kam Kwan Jason             | A                |
| Mr. Chu Chung Yue Howard *          | A                |
| Independent Non-executive Directors |                  |
| Mr. Lau Kwok Kuen Eddie             | A                |
| Mr. Uwe Henke Von Parpart           | A                |
| Mr. Yip Kwok Cheung Danny           | A                |
| Mr. David Michael Spratt **         | A                |

#### Notes:

- A Attending training course
- B Reading relevant materials
- \* Resigned on 1 April 2013
- \*\* Resigned on 14 June 2013



# DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The financial statements of the Company for the year ended 30 June 2013 have been reviewed by the Board and the Audit Committee and audited by the external auditor, PricewaterhouseCoopers. The Directors acknowledge their responsibility for preparing the financial statements of the Group and presenting a balanced, clear and comprehensive assessment of the Group's performance and prospects.

The Directors ensure that the preparation of the financial statements of the Group are in accordance with statutory requirements and applicable accounting standards. The Directors also ensure that the publication of the financial statements of the Group in a timely manner.

The report of the auditor of the Company about their reporting responsibilities on the financial statements of

the Group is set out in the Independent Auditor's Report on pages 45 to 46.

# REMUNERATION AND PERFORMANCE COMMITTEE

The Board has a Remuneration and Performance Committee to ensure that the Company is able to attract, retain, and motivate a high-calibre team which is essential to the success of the Company.

The Committee carries out its duties accordance with the Terms of Reference and Policy, a copy of which is located on the website.

The Committee consists of a majority of independent Directors and was comprised of the following members during the year ended 30 June 2013:

| Name of Member                                   | Meetings Attended/ Eligible to attend* |  |
|--|--|--|
|  |  |  |
| Lau Kwok Kuen, Eddie (Chairman of the committee) | 2/2                                    |  |
| Kwai Sze Hoi                                     | 2/2                                    |  |
| Liu Zhengui                                      | 2/2                                    |  |
| Uwe Henke Von Parpart                            | 2/2                                    |  |
| Yip Kwok Cheung, Danny                           | 2/2                                    |  |
| David Michael Spratt (Resigned on 14 June 2013)  | 2/2                                    |  |

<sup>\*</sup> Represents the total number of meetings held during the year ended 30 June 2013.

The principal duties of the Remuneration and Performance Committee include, inter alia, reviewing and making recommendations to the Board on the Company's remuneration policy; making recommendations to the Board on the remuneration of Executive and Non-executive Directors, and members of the senior management; reviewing and making recommendations to the Board in respect of performance-based remuneration by reference to corporate goals and objectives resolved; and ensuring no Director or any of his or her associates is involved in deciding his own remuneration.

In addition to its duties surrounding remuneration, the Committee is also responsible for the annual performance review of the Board, Board Committees and individual Director's performance.

The Remuneration and Performance Committee has access to professional advice where necessary. No Director or executive can determine his own remuneration. Minutes of Remuneration and Performance Committee meetings are kept by the secretary of the meeting.

## CORPORATE GOVERNANCE REPORT

#### REMUNERATION AND PERFORMANCE

The terms of reference in respect of the Remuneration and Performance Committee distinguishes the structure of the Non-executive Directors' remuneration from that of Executive Directors and senior executives. The Board is determined to attract and retain high calibre Nonexecutive Directors to work with the Company, whilst at the same time preserving cash. Accordingly, the structure of the Non-executive Directors' remuneration allows for remuneration in the form of scheme options, granted under the share option scheme. Whilst this represents a departure from the Code and the Principles, the Committee believes it is appropriate for the size of the Company, and is satisfied by the fact that all Director participation under the share option scheme is approved by Shareholders and the grant aligns with the long term performance of the Company.

#### Non-executive Director compensation

The Company's Bye-laws provide that the directors' remuneration shall be determined by the Company in general meeting. The Company has fixed a maximum sum of A\$1 million in aggregate for Non-executive Directors per annum.

#### Performance review of the Board

Board performance and individual Director performance are reviewed on an ongoing basis and evaluated annually by the Remuneration and Performance Committee. The evaluation is undertaken by each Director completing a questionnaire on Board governance and performance issues or each Director having one-on-one interviews with the chairman of the Committee. Individual Directors may meet with the chairman of the Committee to discuss their responses.

#### Remuneration of executive directors

The Remuneration and Performance Committee of the Board of Directors of the Company is responsible for reviewing compensation arrangements for the Executive Directors, including the chief executive officer and the senior management team, and make recommendation to the Board for approval. The Committee assesses the appropriateness of the nature and amount of remuneration of Directors and senior managers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

#### **Executive compensation framework**

The Company aims to reward the executive with a level and mix of compensation commensurate with their position and responsibilities within the company. The Remuneration and Performance Committee assisted in the process by the use of independent salary data.

The executive pay and reward framework has 2 components: base pay and long-term incentives through participation in the Brockman Scheme Options Plan.

#### Performance review — Executives

Senior executives' performance is reviewed on an ongoing basis and evaluated annually by the Remuneration and Performance Committee. The evaluation is undertaken by each executive completing a questionnaire on performance issues or each executive having one-on-one interviews with the chairman of the Committee.

Individual executives may meet with the chairman of the Committee to discuss their responses.

#### Remuneration of directors and senior management

For details of the remuneration of each director in the financial period, please refer to the notes to the financial statements.

The emoluments (include share-based compensation) of the members of the senior management by band for the year ended 30 June 2013 is set out below:

|                             | Number of members |          |
|-----------------------------|-------------------|----------|
|                             | 2013              | 2012     |
|                             | HK\$'000          | HK\$'000 |
| HK\$0 to HK\$1,000,000      | 1                 | 3        |
| HK\$1,500,001-HK\$2,000,000 | 1                 | 1        |
| HK\$2,000,001-HK\$2,500,000 | 1                 | 2        |
| HK\$2,500,001-HK\$3,000,000 | 1                 | _        |
| HK\$3,000,001-HK\$3,500,000 | 1                 | _        |
| HK\$3,500,001-HK\$4,000,000 | 1                 | 2        |
| HK\$4,000,001-HK\$4,500,000 | _                 | 1        |
| HK\$4,500,001-HK\$5,000,000 | 2                 | _        |
| HK\$6,500,001-HK\$7,000,000 | 1                 | _        |
|                             | 9                 | 9        |



#### NOMINATION COMMITTEE

The Board has established a Nomination Committee to provide advice and recommendations to the Board with respect to:

- the identification of suitable candidates for nomination to the Board, Board Committees and senior management;
- succession planning for the Board and senior management;
- the appointment and re-election of Directors; and

 ensuring the skills needed are available to the Board to discharge its duties and add value to the Company.

The Committee carries out its duties in accordance with the Terms of Reference and Policy, a copy of which is located on the website.

The Committee consists of a majority of independent Directors and was comprised of the following during the year ended 30 June 2013:

| Name of Member                                   | Meetings Attended/<br>Eligible to attend* |  |
|--|---|--|
| Lau Kwok Kuen, Eddie (Chairman of the Committee) | 1/1                                       |  |
| Kwai Sze Hoi                                     | 1/1                                       |  |
| Liu Zhengui                                      | 1/1                                       |  |
| Uwe Henke Von Parpart                            | 1/1                                       |  |
| Yip Kwok Cheung, Danny                           | 1/1                                       |  |
| David Michael Spratt (Resigned on 14 June 2013)  | 1/1                                       |  |

<sup>\*</sup> Represents the total number of meetings held during the year ended 30 June 2013.

#### **AUDIT COMMITTEE**

The Board has established an Audit Committee to carry out its oversight of the Company's financial reporting system and internal control procedures.

The Committee carries out its duties accordance with the Terms of Reference, a copy of which is located on the website. The Committee consists of a majority of independent Directors, none of whom have been employed by the previous or current auditors of the Company.

The composition of the Committee was as follows at during the year ended 30 June 2013:

| Name of Member  | Meetings Attended/<br>Eligible to attend* |
|---|---|
| Lau Kwok Kuen, Eddie (Chairman of the committee)  Fellow member of Hong Kong Institute of Certified Public Accountants and fellow | 2/2                                       |
| member of The Association of Chartered Certified Accountant of the United Kingdom   |   |
| Uwe Henke Von Parpart   | 2/2                                       |
| Graduate work in mathematics and philosophy (PhD.) at Princeton University and the  |   |
| University of Pennsylvania, Managing Director and Chief Strategist in Reorient Financial  |   |
| Markets Limited   |   |
| Yip Kwok Cheung, Danny  | 2/2                                       |
| Graduated from the Australian National University in Economics and Accountancy  |   |
| Warren Talbot Beckwith  | 2/2                                       |
| Chairman of the audit committee in other listed companies in Hong Kong, director  |   |
| of Gondwana Resources Limited (ASX:GDA); he was also a senior partner of a  |   |
| predecessor firm of Ernst & Young, Hong Kong for 13 years   |   |

<sup>\*</sup> Represents the total number of meetings held during the year ended 30 June 2013.

## CORPORATE GOVERNANCE REPORT

The primary responsibilities of the Audit Committee are, inter alia,

- (a) to review the appointment of external auditors on an annual basis including a review of the audit scope and approval of the audit fees;
- (b) to ensure continuing auditor objectivity and to safeguard independence of the Company's auditors:
- (c) to meet the external auditors to discuss issues and reservations (if any) arising from the interim review and final audit, and any matters the auditors suggest to discuss;
- (d) to review the financial information of the Company and monitor the integrity of financial statements;
- (e) to review the Group's financial reporting system and internal control system and procedures, including the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and their training programmes and budget;
- (f) to serve as a focal point for communication between the Board and the external auditors in respect of the duties relating to financial and other reporting, internal controls, external audit, and such other matters as the Board determines from time to time;
- (g) to consider major findings of internal review and management's response and ensure proper arrangement in place for the fair and independent review of such concerns and appropriate follow up action;
- (h) to devise a framework for the type and authorization of non-audit services provided by the external auditors.

The external auditors and the senior executives are invited to attend the meeting for annual financial statements with specific time set aside for discussion without the presence of management. Minutes of the Audit Committee Meeting are kept by a secretary of the meeting. Draft and final versions of minutes of the meeting are sent to all members of the committee for their comment and records respectively, in both cases within a reasonable time after the meetings. The term of reference of the audit committee is available in the website of the Company.

#### **EXECUTIVE COMMITTEE**

The Executive Committee was established on 14 September 2009. The members include the Executive Directors and certain senior management appointed by the Board from time to time. The Executive Committee is vested with all the general powers of management and control of the activities of the Group as vested in the Board, save for those matters which are reserved for the Board's decision and approval pursuant to the written terms of reference of the Executive Committee.

The Executive Committee meets whenever it is necessary. It is mainly responsible for undertaking and supervising the day-to-day management and is empowered to implement policies and strategies, for the business activities and operations, internal control and administration of the Group.

# HEALTH, SAFETY, ENVIRONMENT AND SUSTAINABILITY COMMITTEE

The Board has established a Committee to oversee the health, safety, environmental and sustainability activities of the Company.

The Committee carries out its duties accordance with the Terms of Reference and Policy, a copy of which is located on the website.





The Committee consists of a majority of Independent Directors and was comprised of the following members during the year ended 30 June 2013:

| Name of Member                                     | Meetings Attended/<br>Eligible to attend* |  |
|--|---|--|
| Lau Kwok Kuen, Eddie                               | 1/1                                       |  |
| Warren Talbot Beckwith                             | 1/1                                       |  |
| Yip Kwok Cheung, Danny (Chairman of the Committee) | 1/1                                       |  |
| David Michael Spratt (Resigned on 14 June 2013,    |   |  |
| previously the Chairman of the Committee)          | 1/1                                       |  |

<sup>\*</sup> Represents the total number of meetings held during the year ended 30 June 2013.

Note: Mr. David Michael Spratt was appointed as the Chairman during the year, however, subsequent to his resignation in June 2013, Mr. Yip Kwok Cheung Danny was appointed to fill the Chairman's role.

The principle duties of the Committee are:

- (a) reviewing and monitoring the sustainability, environmental, safety and health policies and activities of the Company;
- (b) encouraging, supporting and counselling management in developing short and long term policies and standards to ensure that the principles set out in the sustainability, environmental, health and safety policies are being adhered to and achieved;
- (c) regularly reviewing community, environmental, health and safety response compliance issues and incidents to determine, on behalf of the Board, whether the Company is taking all necessary action in respect of those matters and that the Company has been duly diligent in carrying out its responsibilities and activities in that regard;

- (d) ensuring that the Company monitors trends and reviews current and emerging issues in the field of sustainability, environment, health and safety, and evaluates their impact on the Company; and
- (e) reviewing and making recommendations to the Board with respect to environmental aspects of expansions, acquisitions and dispositions with material environmental implications.

#### **RISK MANAGEMENT COMMITTEE**

The Board has established a Committee to oversee the risk oversight and the management and internal control of the processes by which risk is considered for both ongoing operations and prospective actions of the Company.

The Committee carries out its duties in accordance with the Terms of Reference and Policy, a copy of which is located on the website.

The Committee was comprised of the following members during the year ended 30 June 2013:

| Name of Member                                     | Meetings Attended/<br>Eligible to attend* |  |
|--|---|--|
|  | Lligible to diferio                       |  |
| Warren Talbot Beckwith (Chairman of the Committee) | 1/1                                       |  |
| Ross Stewart Norgard                               | 1/1                                       |  |
| David Michael Spratt (Resigned on 14 June 2013)    | 1/1                                       |  |
| Yip Kwok Cheung, Danny                             | 1/1                                       |  |

<sup>\*</sup> Represents the total number of meetings held during the year ended 30 June 2013.

Note: Subsequent to the resignation of Mr. David Michael Spratt, Mr. Yip Kwok Cheung Danny has been appointed as member of the Committee to fill the vacancy.

### CORPORATE GOVERNANCE REPORT

Risk management encompasses all areas of the Company's activities. Once a business risk is identified, the risk management processes and systems implemented by the Company are aimed at providing the necessary framework to enable the business risk to be managed.

Management has the key role of identifying risks and enabling processes for risk management. Senior management are required to report risks identified to the Risk Management Committee or Chief Executive Officer.

The Risk Management Committee will meet periodically to review and ensure that the Company has in place processes to assess and manage specific and general business risks and appropriate mitigation procedures where applicable.

The overall results of this assessment are presented to the Board, in oral and written form, at every Board meeting by the chairman of the Risk Management Committee, and updated as needed.

The Board reviews the Company's risk management at every Board meeting, and where required, makes improvements to its risk management and internal compliance and control systems.

#### **AUDITORS' REMUNERATION**

The aggregate remuneration in respect of services provided by PricewaterhouseCoopers for the year ended 30 June 2013 was HK\$3,125,000, of which HK\$2,415,000 represents annual audit fees and HK\$710,000 represents fees for non-audit services.

#### INTERNAL CONTROL

The Board has overall responsibility for the Group's system of internal control and for the assessment and management of risk. The Board has conducted a review of and is satisfied with the effectiveness of the system of internal control of the Group.

The Board also reviews at least annually the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and their training programmes and budget.

The Chief Financial Officer ("CFO") of the Company, reports directly to the Board and the Audit Committee, and monitors the existence and effectiveness of the controls in the Group's business operations. The CFO also discusses the audit plan with the Audit Committee and the external auditors. The audit plan is reassessed during the period as needed to ensure that adequate

resources are deployed and the plan's objectives are met. In addition, regular dialogues are maintained with the Group's external auditors so that both are aware of the significant factors which may affect their respective scope of work.

Reports from the external auditors on relevant financial reporting matter is presented to the Audit Committee, and, as appropriate, to the Board.

Although the Company is not required to comply with section 295A of the Corporations Act (being a company incorporated in Bermuda), the Directors required the Chief Executive Officer and CFO to state in writing to the Board that:

The Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results, and are in accordance with the relevant accounting standards.

#### CONTINUOUS DISCLOSURE

The Directors are committed to keeping the market fully informed of material developments to ensure compliance with the ASX Listing Rules, the HK Listing Rules. The Directors have observed the disclosure requirements of the ASX Listing Rules and the HK Listing Rules, and to ensure accountability at a senior management level for that compliance. A copy of the policy can be found on the website.

## COMMUNICATION WITH SHAREHOLDERS

The Board is committed in providing clear and full performance information of the Group to shareholders through the publication of interim and annual reports. In addition to the circulars, notices and financial reports sent to shareholders, additional information of the Group is also available to shareholders on the Group's website.

The Directors have established a communications strategy, a copy of which can be found on the Company's website, to promote effective communication with shareholders and encourage effective participation at general meetings. As well as ensuring timely and appropriate access to information for all investors via announcements to the ASX and the SEHK, the Company will also ensure that all relevant documents are released on the website of the Company for the purpose of both stakeholders and shareholders. Copies of all corporate governance policies, charters and terms of references are freely available on the website of the Company.





Shareholders are encouraged to attend the annual general meeting for which at least 20 clear business days' notice is given. The Chairman and Directors are available to answer questions on the Group's business at the meeting. In accordance with the Bye-laws of the Company, a minimum of 14 days' notice is required for every shareholders' meeting and all shareholders shall have statutory rights to call for special general meetings and put forward agenda items for consideration in the general meetings. All resolutions at the general meeting are decided by a poll which is conducted by the Group's branch share registrar in Hong Kong.

The Group values feedback from shareholders on its effort to promote transparency and foster investor relationships. Comments and suggestions are always welcomed.

#### SHAREHOLDERS RIGHTS

## How Shareholders can convene a special general meetina

Subject to Section 74 of the Companies Act 1981 of Bermuda (the "Act") and the Bye-law 58 of the Company, the Board may whenever it thinks fit call special general meetings, and members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings for the Company shall at all times have the right, by written requisition to the Board or the Company Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Company Act 1981 of Bermuda.

### Procedures for directing Shareholders' enquiries to the Board

Shareholders enquiries can be directed to inquiry@brockmanmining.com or by writing to the Company Secretary office, whose contact details are as follows:

Suites 3812-13, Two International Finance Centre, 8 Finance Street, Central, Hong Kong.

The enquiries would then be assessed and considered (if appropriate) to put to the board. Shareholders may also make enquiries with the Board at the general meetings of the Company.

### Procedures for putting forward proposals at a general meeting

Any number of shareholders representing not less than 5% of the total voting rights of the Company on the date of the requisition or not less than 100 shareholders of the Company are entitled to put forward a proposal for consideration at a general meeting of the Company. Shareholders should follow the procedures as set out in Section 79 of the Act for putting forward such proposals.

#### CONSTITUTIONAL DOCUMENTS

There was no significant change in the memorandum and articles of association and the bye-laws of the Company during the year.

The memorandum and articles of association and the bye-laws of the Company are available on the Company's website.

#### ETHICAL STANDARDS AND DIVERSITY

All Directors, senior management and employees of the Company are expected to conduct themselves with integrity, openness, honesty and fairness, and in the best interests of the Company. The Board has established a Code of Conduct and Ethics to guide all Directors, members of senior management and employees.

Through the Code of Conduct and Ethics, the Company actively supports the principle of equal employment opportunity regardless of race, religion, national origin, sex, age, physical disability, marital status or sexual orientation, and expects its senior management and employees to practice and support this principle.

A copy of the Code of Conduct and Ethics is available in the corporate governance section of the Company's website.

The Company recognises the benefits of diversity where people from different gender, age, ethnicity and cultural backgrounds can bring fresh ideas and perceptions which make the workplace more efficient. During the period the Board implemented a Diversity Policy, a copy of which is available in the corporate governance section of the Company's website.

This Policy requires the Company to set out specific diversity initiatives and targets in its annual report with the aim of progressing towards achieving them.

### **CORPORATE GOVERNANCE REPORT**

These key metrics include:

- proportion of women appointed as non-executive directors of the Company;
- proportion of women in the workplace;
- proportion of women in senior management;

- parental leave return rates; and
- employee turnover.

The Board has determined that the targets for each metric would be an improvement of the 2012 metrics as follows:

|  | 2013 | 2012 |  |
|--|------|------|--|
| Proportion of women appointed as non-executive directors | 0    | 0    |  |
| Proportion of women in the workplace                     | 14%  | 10%  |  |
| Proportion of women in senior management                 | 22%  | 11%  |  |
| Parental leave return rates                              | 0    | 0    |  |
| Employee turnover  | 22%  | 19%  |  |

The Board is looking to achieve diversity and a balanced mix of skills to enhance value to the Board. In selecting new Board members, Directors have regard to the appropriate skills and characteristics needed by the Board as a whole. The Directors endeavour to appoint individuals who will provide a mix of diverse experiences, perspectives and skills appropriate

Key performance indicators for business are as follows:

for the Company, including appropriate technical and commercial skills relevant to the mining and transportation industry.

The proportion of women employees in the whole organisation is approximately 10%.

#### Workplace quality

Total workforce by employment type, age group and geographical region

| Current workforce          | Australia | China | Hong Kong |
|----------------------------|-----------|-------|-----------|
| Corporate                  | 5         | 4     | 10        |
| Corporate Support Services | 4         | 10    | 25        |
| Project Development        | 6         | _     | _         |
| Transportation Exploration | 13        | 20    | _         |
|                            | 13        |       |           |
| Mining Operation           |           | 309   | <u> </u>  |
| Transportation Operation   | _         | 80    | 90        |
| TOTAL                      | 28        | 423   | 125       |



#### **ENVIRONMENTAL, SOCIAL AND GOVERNANCE**

#### SUSTAINABILITY POLICY

The Company is committed to the development of a sustainable iron ore business in Western Australia that benefits its employees, contractors, suppliers, partners and the community.

We will achieve this through the effective implementation and proactive management of our commitments and obligations to workplace health and safety, the environment and to the communities in which we operate.

To operate an effective and sustainable iron ore business, Brockman will:

- Focus on the elimination and management of workplace hazards and risks.
- Act ethically and responsibly in all its interactions.
- Promote a culture which focuses its employees, contractors, suppliers and partners on workplace health and safety as the responsibility of all those who work in its business.
- Provide a workplace free from bullying or discrimination and offering equal opportunity to all employees.
- Work actively through all areas of its business to minimize the actual and potential environmental impact of the Company's activities.
- Respect the rights of the traditional owners and value the indigenous cultural heritage associated with its operations.

We will implement systems and ensure that resources are allocated to implement and monitor these commitments and its legal obligations. Our employees, contractors and partners will be regularly informed of the Company's progress towards these goals.

The policy and the systems that support it will be routinely measured to ensure the delivery of our commitments & system improvements made where the need arises.

### **DIRECTORS' REPORT**

The Directors present their report together with the audited consolidated financial statements of the Group for the year ended 30 June 2013.

#### PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the Company are exploration and development of iron ore mining projects in Western Australia; exploitation, processing and production of copper ore concentrates in the PRC; provision of limousine rental and airport shuttle bus services. Detailed activities of each of the Company's subsidiaries are as set out in note 43 to the consolidated financial statements.

#### **RESULTS AND APPROPRIATIONS**

The results of the Group for the year ended 30 June 2013 are set out in the consolidated statement of comprehensive income on page 47.

#### **REVIEW OF OPERATIONS**

It is recommended that the financial statements be read in conjunction with the 30 June 2013 annual report and any public announcements made by the Company during the period. Detailed business review is set out in pages 6 to 22.

In accordance with the continuous disclosure requirements, readers are referred to the announcements lodged with the ASX regarding exploration and other activities of the Company.

#### FINAL DIVIDEND

The Board does not recommend the payment of a dividend.

#### PROPERTY, PLANT AND EQUIPMENT

Details of movements during the period in the property, plant and equipment of the Group are set out in note 19 to the consolidated financial statements.

## CONVERTIBLE BONDS AND SHARE CAPITAL

Details of the movements in authorised and issued share capital and the convertible bonds of the Company are set out in notes 30 and 31 to the consolidated financial statements respectively.

#### DISTRIBUTABLE RESERVES

As at 30 June 2013, the Company has no reserve available for distribution to the shareholders.

#### **PRE-EMPTIVE RIGHTS**

There are no provisions for pre-emptive rights under the Company's Bye-laws, or the laws in Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

#### **CONNECTED TRANSACTION**

On 2 November 2012, the Company and Ocean Line Holdings Limited ("Ocean Line", a substantial shareholder of the Group) entered into a convertible bond 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 and interest rate of 5%. The convertible bond was issued on 9 January 2013 upon independent shareholders' approval being sought. Bond previously issued by the Company to Ocean Line on 21 September 2012 was redeemed in full and effectively replaced by the convertible bond. On 19 February 2013, the convertible bond was converted into 190,243,902 shares at HK\$0.41 per share.

## COMPLIANCE WITH DISCLOSURE REQUIREMENTS

All transactions as shown in note 42(a) are connected transactions exempted from announcement, reporting, annual review and independent shareholders' approval requirement under Rule 14A.31 of the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of the above connected transactions.

#### FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial period/year is set out on page 109.

#### DIRECTORS

The Directors of the Company during the period and up to the date of this report were:

#### Non-Executive Directors:

Kwai Sze Hoi (Chairman) Liu Zhengui (Vice Chairman) Warren Talbot Beckwith Ross Stewart Norgard (appointed on 22 August 2012)

#### **Executive Directors:**

Luk Kin Peter Joseph (Chief Executive Officer) Chan Kam Kwan, Jason (Company Secretary) Chu Chung Yue Howard (resigned on 1 April 2013)

#### Independent non-executive Directors:

Lau Kwok Kuen, Eddie Uwe Henke Von Parpart Yip Kwok Cheung, Danny David Michael Spratt (resigned on 14 June 2013)

In accordance with Clauses 87(1) and (2) of the Company's Bye-laws, Messrs. Ross Stewart Norgard, Lau Kwok Kuen Eddie and Yip Kwok Cheung Danny shall retire and, being eligible, offer themselves for reelection at the forthcoming annual general meeting.



All the independent non-executive Directors are appointed for a specific term and will be subject to retirement by rotation and re-election in accordance with the HK Listing Rules and the Bye-laws of the Company.

The Company has received from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the HK Listing Rules. The Company considered all of the non-executive Directors are independent.

#### **DIRECTOR'S SERVICE CONTRACTS**

None of the directors who are proposed for reelection at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

As at 30 June 2013, the interests and short positions of the Directors and chief executives and their respective associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or which were otherwise required to be notified to the Company and the SEHK, pursuant to the Model Code were as follows:

#### (i) Long positions in the ordinary shares of HK\$0.10 each of the Company

| Name of Director           | Capacity                                     | Number of issued ordinary shares held | Number of share options held | Approximate percentage of the issued share capital of the Company |
|----------------------------|--|---------------------------------------|------------------------------|---|
| Mr. Kwai Sze Hoi           | Jointly (Note 1)                             | 60,720,000                            | _                            | 0.77%   |
|                            | Interests of controlled corporation (Note 1) | 1,474,640,764                         | _                            | 18.68%  |
|                            | Beneficial owner (Note 1)                    |                                       | 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. Warren Talbot Beckwith | Beneficial owner                             | _                                     | 33,500,000                   | 0.42%   |
| Mr. Luk Kin Peter Joseph   | Beneficial owner (Note 2)                    | _                                     | 89,000,000                   | 1.13%   |
|                            | Interests of controlled corporation (Note 2) | 387,032,276                           | _                            | 4.90%   |
| Mr. Chan Kam Kwan, Jason   | Beneficial owner                             | _                                     | 13,700,000                   | 0.17%   |
| Mr. Lau Kwok Kuen, Eddie   | Beneficial owner                             | _                                     | 3,500,000                    | 0.04%   |
| Mr. Uwe Henke Von Parpart  | Beneficial owner                             | _                                     | 3,500,000                    | 0.04%   |
| Mr. Yip Kwok Cheung Danny  | Beneficial owner                             | _                                     | 3,500,000                    | 0.04%   |

#### Note:

- 1. The 1,474,640,764 shares were held by Ocean Line Holdings Ltd., 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 of the Company.
- 2. The 387,032,276 shares represent (i) 135,824,000 shares held by Equity Valley Investments Limited; (ii) 103,448,276 shares held by Prideful Future Investments Limited; and (iii) 147,760,000 shares held by Villas Green Investments Limited. The above three companies were wholly-owned by The XSS Group Limited, of which 50%, 20% and 30% of its issued share capital were held by Mr. Luk, Ms Cheung Sze Wai, Catherine (Mr. Luk's spouse), and Ms. Chong Yee Kwan (Mr. Luk's mother) respectively.

Save as disclosed above, none of the Directors and chief executives, nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 30 June 2013.

### **DIRECTORS' REPORT**

#### **SHARE OPTIONS**

The share option scheme (the "Share Option Scheme") of the Company was adopted by the Company pursuant to the resolution of the shareholders passed in the AGM on13 November 2012. Particulars of the Share Option Scheme are set out in note 33 to the consolidated financial statements.

The Company has granted 547,900,000 share options to Qualified Persons under the Share Option Scheme respectively as detailed follows:

| Grant date       | Number of options outstanding as at 1 July 2012 and granted during the year ended 30 June 2013 | Number of options lapsed during the year ended 30 June 2013 | Number of<br>options<br>outstanding<br>as at<br>30 June 2013 | Exercise price       |
|------------------|--|---|--|----------------------|
| 10. 1            | 0.500.000  | (1,000,000)   | 7,500,000  | LUZ <b>\$1.1</b> 7.4 |
| 18 January 2010  | 8,500,000  | (1,000,000)   | 7,500,000  | HK\$1.164            |
| 11 February 2010 | 27,000,000   | _   | 27,000,000   | HK\$1.24             |
| 11 November 2010 | 39,000,000   | _   | 39,000,000   | HK\$2.00             |
| 14 December 2011 | 57,000,000   | (51,600,000)  | 5,400,000  | HK\$0.72             |
| 28 March 2012    | 78,000,000   | _   | 78,000,000   | HK\$0.72             |
| 14 January 2013  | 88,100,000   | _   | 88,100,000   | HK\$0.717            |
| 14 January 2013  | 88,100,000   | _   | 88,100,000   | HK\$0.967            |
| 28 February 2013 | 3,750,000  | _   | 3,750,000  | HK\$0.717            |
| 28 February 2013 | 3,750,000  | _   | 3,750,000  | HK\$0.967            |
| 20 May 2013      | 77,350,000   | _   | 77,350,000   | HK\$0.717            |
| 20 May 2013      | 77,350,000   |   | 77,350,000   | HK\$0.967            |
|                  | 547,900,000  | (52,600,000)  | 495,300,000  |                      |

On 6 January 2011, the Company has issued 15,000,000 freely traded options which are attached to each of the 15,000,000 shares subscribed during the dual-listing process of the Company. Options are freely traded and will expire on 30 September 2014.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES

Other than as disclosed in the section "Directors' and Chief Executives' Interests", at no time during the period was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors of the Company nor their associates to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors has any interests in competing business to the Group.



## DIRECTORS'/CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Details of the related party transactions for the year are set out in note 42 to the consolidated financial statements. Other than as disclosed therein, no contracts of significance to which the Company, its holding company, subsidiaries or fellow subsidiaries was a party and in which a Director or a controlling shareholder of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the period.

## DIRECTORS AND OFFICERS INDEMNITIES AND INSURANCE

The Company has paid premiums to insure the Directors and officers of the Group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as

officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a willful breach of duty by the officer of the improper use by the officers of their position to gain advantage for themselves or someone else to cause detriment to the Group.

#### **RELATED PARTY TRANSACTIONS**

Significant related party transactions entered into by the Group during the year ended 30 June 2013 are disclosed in note 42 to the consolidated financial statements.

#### SUBSTANTIAL SHAREHOLDERS

As at 30 June 2013, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company:

Long positions in ordinary shares and underlying shares of HK\$0.10 each of the Company

| Name of shareholder               | Capacity                                  | Number of<br>shares or<br>underlying<br>shares | Percentage of the issued share capital of the Company |
|-----------------------------------|---|--|---|
| Kwai Sze Hoi (Note)               | Interest held by controlled corporations  | 1,474,640,764                                  | 18.68%  |
|                                   | Interest held jointly with another person | 60,720,000                                     | 0.77%   |
|                                   | Beneficial owner                          | 70,000,000                                     | 0.89%   |
| Cheung Wai Fung (Note)            | Interest held by controlled corporations  | 1,474,640,764                                  | 18.68%  |
|                                   | Interest held jointly with another person | 60,720,000                                     | 0.77%   |
|                                   | Interest held by spouse                   | 70,000,000                                     | 0.89%   |
| Ocean Line Holdings Ltd. (Note)   | Beneficial owner                          | 1,474,640,764                                  | 18.68%  |
| Zhu Yi Cai                        | Interest held by controlled corporations  | 582,312,972                                    | 7.38%   |
| China Guoyin Investments (HK) Ltd | Beneficial owner                          | 569,904,972                                    | 7.22%   |
| Cheung Sze Wai, Catherine (Note)  | Interest held by controlled corporations  | 387,032,276                                    | 4.90%   |
|                                   | Interest held by spouse                   | 89,000,000                                     | 1.13%   |
| Luk Kin Peter Joseph (Note)       | Interest held by controlled corporations  | 387,032,276                                    | 4.90%   |
|                                   | Beneficial owner                          | 89,000,000                                     | 1.13%   |

Notes: Please refer to Note under section headed: Directors and Chief Executives' Interests on P.41.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 June 2013.

## **DIRECTORS' REPORT**

## PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the period, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the listed securities of the Company.

#### MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 30 June 2013, the aggregate amount of revenue attributable to the Group's five largest customers represented 49% of the Group's total revenue and the largest customer represented 32% of the Group's total revenue. Aggregate operating and administrative expenses attributable to the Group's five largest suppliers were less than 13% of total operating and administrative expenses (include exploration and evaluation expenses) for the period.

At no time during the period did any Director, any associate of a Director, or any shareholder of the Company, which to the knowledge of the Directors owned more than 5% of the Company's share capital, have any beneficial interests in these customers or suppliers.

#### **CORPORATE GOVERNANCE**

The Company is committed to maintain a high standard of corporate governance practices. Information on the corporate governance practices is adopted by the Company as set out in the Corporate Governance Report on pages 28 to 39 of the annual report.

#### SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, there was sufficient of public float of the Company's securities as required under the HK Listing Rules.

#### **AUDITOR**

The financial statements for the financial year ended 30 June 2013 have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves or re-appointment at the forthcoming annual general meeting of the Company.

By order of the Board

Kwai Sze Hoi Chairman

Hong Kong, 11 September 2013



#### INDEPENDENT AUDITOR'S REPORT





羅兵咸永道

#### TO THE SHAREHOLDERS OF BROCKMAN MINING LIMITED

(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Brockman Mining Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 47 to 108, which comprise the consolidated and company balance sheets as at 30 June 2013, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

 $Price waterhouse Coopers, 22/F\ Prince's\ Building,\ Central,\ Hong\ Kong\ T:\ +852\ 2289\ 8888,\ F:\ +852\ 2810\ 9888,\ www.pwchk.com$ 

### INDEPENDENT AUDITOR'S REPORT

#### **OPINION**

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2013, and of the Group's loss and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

#### **OTHER MATTERS**

This report, including the opinion, has been prepared for and only for you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

#### **PricewaterhouseCoopers**

Certified Public Accountants

Hong Kong, 11 September 2013



ANNUAL REPORT 201



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2013

|   |      | Twelve months e         | nded 30 June                    | Eighteen months<br>ended 30 June |
|---|------|-------------------------|---------------------------------|----------------------------------|
|   | Note | <b>2013</b><br>нк\$'000 | 2012<br>HK\$'000<br>(note 2(a)) | 2012<br>HK\$'000                 |
| Revenue   | 7    | 158,556                 | 132,812                         | 200,796                          |
| Direct costs  | 9    | (145,033)               | (118,828)                       | (178,242)                        |
| Gross profit  |      | 13,523                  | 13,984                          | 22,554                           |
| Other income  | 10   | 20,124                  | 30,186                          | 32,049                           |
| Other (losses)/gains, net   | 11   | (7,777)                 | 16,363                          | 530,944                          |
| Selling and administrative expenses   | 9    | (125,027)               | (205,337)                       | (253,451)                        |
| Exploration and evaluation expenses   | 9    | (111,797)               | (197,918)                       | (215,596)                        |
| Impairment losses   | 12   | (246,657)               | (2,521,714)                     | (2,521,714)                      |
| Finance costs   | 13   | (18,453)                | (11,355)                        | (12,183)                         |
| Loss before income tax  |      | (476,064)               | (2,875,791)                     | (2,417,397)                      |
| Income tax (expenses)/credit  | 14   | (778)                   | 719,228                         | 719,310                          |
| Loss for the year/period  |      | (476,842)               | (2,156,563)                     | (1,698,087)                      |
| Other comprehensive income:   |      |                         |                                 |                                  |
| Exchange differences arising on translation of foreign operations   |      | (227,888)               | (232,856)                       | (147,056)                        |
| Change in fair value on available-for-sale investments, net of tax  |      | _                       | (51,106)                        | (226,666)                        |
| Release of available-for-sale investments reserve upon step acquisition, net of tax                           |      | _                       | _                               | (387,684)                        |
| Release of available-for-sale investments reserve upon disposal of available-for-sale investments, net of tax |      | _                       | (10,481)                        | (10,481)                         |
| Other comprehensive loss for the year/<br>period  |      | (227,888)               | (294,443)                       | (771,887)                        |
| Total comprehensive loss for the year/<br>period  |      | (704,730)               | (2,451,006)                     | (2,469,974)                      |
| Loss for the year/period attributable to:   |      |                         |                                 |                                  |
| Equity holders of the Company   |      | (449,384)               | (2,045,841)                     | (1,579,652)                      |
| Non-controlling interests   |      | (27,458)                | (110,722)                       | (118,435)                        |
|   |      | (476,842)               | (2,156,563)                     | (1,698,087)                      |
| Total comprehensive loss attributable to:   |      |                         |                                 |                                  |
| Equity holders of the Company   |      | (678,775)               | (2,244,857)                     | (2,287,277)                      |
| Non-controlling interests   |      | (25,955)                | (206,149)                       | (182,697)                        |
|   |      | (704,730)               | (2,451,006)                     | (2,469,974)                      |
| Loss per share attributable to the equity holders of the Company during                                       |      |                         |                                 |                                  |
| the year/period   |      | HK cents                | HK cents                        | HK cents                         |
| Basic   | 16   | (6.01)                  | (35.13)                         | (29.77)                          |
| Diluted   | 16   | (6.01)                  | (35.13)                         | (29.77)                          |

The notes on pages 58 to 108 form an integral part of these consolidated financial statements.

## CONSOLIDATED BALANCE SHEET As at 30 June 2013

|  |      | As at 30 Jul     | ne               |
|--|------|------------------|------------------|
|  | Note | 2013<br>HK\$'000 | 2012<br>HK\$'000 |
| Non-current assets                                       |      |                  |                  |
| Mining properties  | 18   | 3,494,432        | 4,083,440        |
| Property, plant and equipment                            | 19   | 89,482           | 103,838          |
| Goodwill   | 20   | _                | 784              |
| Intangible asset   | 21   | _                | 3,592            |
| Other non-current assets                                 |      | 15,262           | 13,630           |
| Current assets   |      | 3,599,176        | 4,205,284        |
| Inventories  | 22   | 7,286            | 13,209           |
| Trade receivables  | 23   | 21,370           | 22,983           |
| Other receivables, deposits and prepayments              |      | 14,649           | 22,985           |
| Amount due from a related party                          | 42   | 1,155            | 1,191            |
| Restricted cash  | 24   | _                | 5,200            |
| Cash and cash equivalents                                | 25   | 253,747          | 336,395          |
| Current liabilities                                      |      | 298,207          | 401,963          |
| Trade payables   | 26   | 14,161           | 14,133           |
| Other payables and accrued charges                       | 27   | 173,630          | 193,920          |
| Amounts due to non-controlling interests                 |      | _                | 58,939           |
| Amounts due to related parties                           | 42   | 3,800            | 5,401            |
| Bank borrowings  | 28   | 10,781           | 26,671           |
| Obligations under finance leases                         | 29   | 6,820            | 5,555            |
|  |      | 209,192          | 304,619          |
| Net current assets                                       |      | 89,015           | 97,344           |
| Total assets less current liabilities                    |      | 3,688,191        | 4,302,628        |
| Equity   |      |                  |                  |
| Share capital  | 30   | 789,448          | 717,504          |
| Reserves   |      | 1,924,023        | 2,311,878        |
| Equity attributable to the equity holders of the Company |      | 2,713,471        | 3,029,382        |
| Non-controlling interests                                |      | 43,075           | 69,634           |
| Total equity   |      | 2,756,546        | 3,099,016        |

|                                  |      | As at 3          | 0 June           |
|----------------------------------|------|------------------|------------------|
|                                  | Note | 2013<br>HK\$'000 | 2012<br>HK\$'000 |
| Non-current liabilities          |      |                  |                  |
| Obligations under finance leases | 29   | 7,615            | 10,858           |
| Amount due to a related party    | 42   | 25,846           | 35,592           |
| Convertible bonds                | 31   | _                | 154,401          |
| Deferred income tax liabilities  | 34   | 896,062          | 1,001,635        |
| Provisions                       | 35   | 2,122            | 1,126            |
|                                  |      | 931,645          | 1,203,612        |
|                                  |      | 3,688,191        | 4,302,628        |

The consolidated financial statements on pages 47 to 108 were approved by the Board of Directors on 11 September 2013 and were signed on its behalf

Luk Kin Peter Joseph
Director

Chan Kam Kwan, Jason Director

The notes on pages 58 to 108 form an integral part of these consolidated financial statements.

## **BALANCE SHEET**

As at 30 June 2013

|   |      | As at 30 Jur     | пе               |
|---|------|------------------|------------------|
|   | Note | 2013<br>HK\$'000 | 2012<br>HK\$'000 |
| Non-current assets                          |      |                  |                  |
| Investments in subsidiaries                 | 43   | 29,892           | 64,035           |
| Property, plant and equipment               | 19   | 2,160            | 2,796            |
| Amounts due from subsidiaries               | 43   | 2,843,846        | 3,328,864        |
|   |      | 2,875,898        | 3,395,695        |
| Current assets                              |      |                  |                  |
| Other receivables, deposits and prepayments |      | 3,195            | 3,330            |
| Amount due from subsidiaries                | 43   | 39,442           | 39,033           |
| Cash and cash equivalents                   | 25   | 63,497           | 51,21            |
|   |      | 106,134          | 93,579           |
| Current liabilities                         |      |                  |                  |
| Other payables and accrued charges          |      | 4,037            | 6,607            |
| Amount due to a subsidiary                  |      | 247,015          | 246,982          |
|   |      | 251,052          | 253,589          |
| Net current liabilities                     |      | (144,918)        | (160,010         |
| Total assets less current liabilities       |      | 2,730,980        | 3,235,685        |
| Equity                                      |      |                  |                  |
| Share capital                               | 30   | 789,448          | 717,504          |
| Reserves                                    | 44   | 1,941,532        | 2,363,780        |
| Total equity                                |      | 2,730,980        | 3,081,284        |
| Non-current liabilities                     |      |                  |                  |
| Convertible bonds                           | 31   | _                | 154,401          |
|   |      | 2,730,980        | 3,235,685        |

The financial statements on pages 47 to 108 were approved by the Board of Directors on 11 September 2013 and were signed on its behalf

Luk Kin Peter Joseph
Director

Chan Kam Kwan, Jason
Director

The notes on pages 58 to 108 form an integral part of these financial statements.





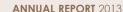


## **CONSOLIDATED STATEMENT** OF CHANGES IN EQUITY For the eighteen months ended 30 June 2012

|   |                              |                              |   | Attribut                           | able to equity h                                | Attributable to equity holders of the Company      | pany                        |                                   |                         |                   |   |                   |
|---|------------------------------|------------------------------|---|------------------------------------|---|--|-----------------------------|-----------------------------------|-------------------------|-------------------|---|-------------------|
|   | Share<br>capital<br>HK\$'000 | Share<br>premium<br>HK\$'000 | Statutory<br>reserves<br>(note)<br>HK\$'000 | Convertible bonds reserve HK\$'000 | Available-for-sale investments reserve HK\$'000 | Share-based<br>compensation<br>reserve<br>HK\$*000 | Exchange / reserve HK\$'000 | Accumulated<br>losses<br>HK\$1000 | Other reserves HK\$'000 | Total<br>HK\$1000 | Non-<br>controlling<br>interests<br>HK\$**000 | Total<br>HK\$'000 |
| Balance at 1 January 2011   | 392,244                      | 1,787,044                    | 1,233                                       | I                                  | 624,831   | 41,812   | 21,144                      | (600,693)                         | 1                       | 2,267,615         | 82,298  | 2,349,913         |
| Comprehensive income  |                              |                              |   |                                    |   |  |                             |                                   |                         |                   |   |                   |
| Loss for the period   | 1                            | 1                            | 1   | I                                  | 1   | ı  | 1                           | (1,579,652)                       | 1                       | (1,579,652)       | (118,435)                                     | (1,698,087)       |
| Other comprehensive income  |                              |                              |   |                                    |   |  |                             |                                   |                         |                   |   |                   |
| Exchange differences arising on translation of foreign operations   | I                            | I                            | I   | I                                  | I   | I  | (82,794)                    | I                                 | I                       | (82,794)          | (64,262)                                      | (147,056)         |
| Change in fair value on available-for-<br>sale investments, net of tax  | ı                            | ı                            | ı   | I                                  | (226,666)                                       | I  | ı                           | ı                                 | ı                       | (226,666)         | ı   | (226,666)         |
| Release of available-forsale investments reserve upon step acquisition, net of tax                            | I                            | I                            | I   | I                                  | (387,684)                                       | I  | I                           | I                                 | I                       | (387,684)         | I   | (387,684)         |
| Release of available-for-sale investments reserve upon disposal of available-for-sale investments, net of tax | I                            | 1                            | 1   | T.                                 | (10,481)  | ı  | I                           | I                                 | I                       | (10,481)          | I   | (10,481)          |
| Total other comprehensive loss for the period   | 1                            | 1                            | 1   | 1                                  | (624,831)                                       | 1  | (82,794)                    | 1                                 | ı                       | (707,625)         | (64,262)                                      | (771,887)         |
| Total comprehensive loss for the period   | I                            | ı                            | I   | I                                  | (624,831)                                       | I  | (82,794)                    | (1,579,652)                       | I                       | (2,287,277)       | (182,697)                                     | (2,469,974)       |

## **CONSOLIDATED STATEMENT** OF CHANGES IN EQUITY For the eighteen months ended 30 June 2012

|   |          |           |                                 | Attribut                  | able to equity h                                 | Attributable to equity holders of the Company | pany                         |                      |          |           |                                  |           |
|---|----------|-----------|---------------------------------|---------------------------|--|---|------------------------------|----------------------|----------|-----------|----------------------------------|-----------|
|   | Share    | Share     | Statutory<br>reserves<br>(Note) | Convertible bonds reserve | Available-<br>for-sale<br>investments<br>reserve | Share-based<br>compensation<br>reserve        | Exchange Accumulated reserve | ccumulated<br>losses | Other    | Total     | Non-<br>controlling<br>interests | Total     |
|   | HK\$'000 | HK\$'000  | HK\$'000                        | HK\$'000                  | HK\$'000   | HK\$'000                                      | HK\$'000                     | HK\$'000             | HK\$'000 | HK\$1000  | HK\$'000                         | HK\$'000  |
| Transactions with equity holders  |          |           |                                 |                           |  |   |                              |                      |          |           |                                  |           |
| Acquisition of subsidiaries   | I        | I         | I                               | I                         | I  | I   | I                            | I                    | I        | I         | 2,058,253                        | 2,058,253 |
| Acquisition of additional interest in a subsidiary (note 39)  | 113,066  | 434,892   | I                               | I                         | I  | I   | I                            | I                    | 470,796  | 1,018,754 | (1,952,699)                      | (933,945) |
| Issue of shares (note 30)   | 143,684  | 1,437,269 | 1                               | 1                         | 1  | 1   | 1                            | 1                    | ı        | 1,580,953 | 1                                | 1,580,953 |
| Placing of new shares (note 30)   | 55,510   | 277,550   | I                               | I                         | I  | ı   | I                            | ı                    | ı        | 333,060   | I                                | 333,060   |
| Issue of convertible bonds — equity component (note 31)   | I        | I         | I                               | 34,464                    | I  | I   | I                            | I                    | I        | 34,464    | I                                | 34,464    |
| Issue of shares upon conversion of convertible bonds (note 31)  | 13,000   | 68,567    | I                               | (8,917)                   | I  | I   | I                            | I                    | I        | 72,650    | I                                | 72,650    |
| Settlement of vested share option of a subsidiary   | I        | I         | I                               | I                         | I  | I   | ı                            | I                    | (8,335)  | (8,335)   | (756)                            | (160'6)   |
| Additional non-controlling interests relating to outstanding share transactions of a subsidiary (note 39) | I        | 1         | T                               | 1                         | I  | I   | T                            | I                    | I        | I         | 65,235                           | 65,235    |
| Appropriations to statutory reserves  | ı        | 1         | 1,195                           | 1                         | I  | 1   | 1                            | (1,195)              | ı        | 1         | 1                                | ı         |
| Share-based compensation  | ı        | I         | I                               | I                         | I  | 17,498  | I                            | I                    | I        | 17,498    | ı                                | 17,498    |
| Total transactions with equity holders  | 325,260  | 2,218,278 | 1,195                           | 25,547                    | I  | 17,498  | I                            | (1,195)              | 462,461  | 3,049,044 | 170,033                          | 3,219,077 |
| Balance at 30 June 2012   | 717,504  | 4,005,322 | 2,428                           | 25,547                    | 1  | 59,310  | (61,650)                     | (2,181,540)          | 462,461  | 3,029,382 | 69,634                           | 3,099,016 |





## **CONSOLIDATED STATEMENT** OF CHANGES IN EQUITY For the twelve months ended 30 June 2012

|   |          |           |                                 | Attribu                         | table to equity                                  | Attributable to equity holders of the Company | pany      |                             |          |             |                                  |             |
|---|----------|-----------|---------------------------------|---------------------------------|--|---|-----------|-----------------------------|----------|-------------|----------------------------------|-------------|
|   | Share    | Share     | Statutory<br>reserves<br>(note) | Convertible<br>bonds<br>reserve | Available-<br>for-sale<br>investments<br>reserve | Share-based compensation reserve              | Exchange  | Exchange Accumulated losses | Other    | Total       | Non-<br>controlling<br>interests | Total       |
|   | HK\$,000 | HK\$1000  | HK\$'000                        | HK\$'000                        | HK\$'000   | HK\$'000                                      | HK\$'000  | HK\$'000                    | HK\$'000 | HK\$'000    | HK\$,000                         | HK\$1000    |
| Balance at 1 July 2011 (unaudited)  | 535,542  | 3,220,025 | 1,233                           | 1                               | 61,587   | 44,519  | 75,779    | (134,504)                   | 1        | 3,804,181   | 2,164,003                        | 5,968,184   |
| Comprehensive income  |          |           |                                 |                                 |  |   |           |                             |          |             |                                  |             |
| Loss for the period   | I        | ı         | I                               | 1                               | 1  | I   | I         | (2,045,841)                 | 1        | (2,045,841) | (110,722)                        | (2,156,563) |
| Other comprehensive income  |          |           |                                 |                                 |  |   |           |                             |          |             |                                  |             |
| Exchange differences arising on translation of foreign operations   | I        | I         | l                               | I                               | l  | I   | (137,429) | I                           | I        | (137,429)   | (95,427)                         | (232,856)   |
| Change in fair value on available-for-<br>sale investments, net of tax  | I        | I         | I                               | I                               | (51,106)   | I   | I         | I                           | I        | (51,106)    | I                                | (51,106)    |
| Release of available-for-sale investments reserve upon disposal of available-for-sale investments, net of tax | I        | I         | I                               | I                               | (10,481)   | I   | I         | I                           | I        | (10,481)    | I                                | (10,481)    |
| Total other comprehensive loss for<br>the period  | 1        | ı         | ı                               | 1                               | (785,18)   | 1   | (137,429) | ı                           | ı        | (910,911)   | (95,427)                         | (294,443)   |
| Total comprehensive loss for the period   | I        | I         | I                               | I                               | (61,587)   | I   | (137,429) | (2,045,841)                 | I        | (2,244,857) | (206,149)                        | (2,451,006) |

## **CONSOLIDATED STATEMENT** OF CHANGES IN EQUITY For the twelve months ended 30 June 2012

|   |          |           |                                 | is constant               | able to equily i                                 | Armiburable to equiry notatis of the Company | pany       |                                     |          |           |                                  |           |
|---|----------|-----------|---------------------------------|---------------------------|--|--|------------|-------------------------------------|----------|-----------|----------------------------------|-----------|
|   | Share    | Share     | Statutory<br>reserves<br>(Note) | Convertible bonds reserve | Available-<br>for-sale<br>investments<br>reserve | Share-based<br>compensation<br>reserve       | Exchange / | Exchange Accumulated reserve losses | Other    | Total     | Non-<br>controlling<br>interests | Total     |
|   | HK\$.000 | HK\$'000  | HK\$'000                        | HK\$'000                  | HK\$'000   | HK\$'000                                     | HK\$'000   | HK\$'000                            | HK\$'000 | HK\$'000  | HK\$,000                         | HK\$1000  |
| Transactions with equity holders  |          |           |                                 |                           |  |  |            |                                     |          |           |                                  |           |
| Acquisition of additional interest in a subsidiary (note 39)                                    | 113,066  | 434,892   | I                               | I                         | I  | I  | I          | I                                   | 470,796  | 1,018,754 | (1,952,699)                      | (933,945) |
| Issue of shares (note 30)   | 386      | 4,288     | I                               | I                         | I  | I  | I          | Ī                                   | I        | 4,674     | I                                | 4,674     |
| Placing of new shares (note 30)   | 55,510   | 277,550   | 1                               | 1                         | I  | 1  | I          | 1                                   | ı        | 333,060   | ı                                | 333,060   |
| Issue of convertible bonds — equity component (note 31)   | I        | I         | I                               | 34,464                    | I  | I  | I          | I                                   | I        | 34,464    | I                                | 34,464    |
| Issue of shares upon conversion of convertible bonds (note 31)                                  | 13,000   | 792'89    | I                               | (8,917)                   | I  | I  | I          | I                                   | I        | 72,650    | I                                | 72,650    |
| Settlement of vested share option of a subsidiary   | I        | I         | I                               | I                         | I  | I  | I          | I                                   | (8,335)  | (8,335)   | (756)                            | (160'6)   |
| Additional non-controlling interests relating to outstanding share transactions of a subsidiary | T.       | 1         | T.                              | I                         | 1  | 1  | I          | T.                                  | 1        | I         | 65,235                           | 65,235    |
| Appropriations to statutory reserves  | ı        | ı         | 1,195                           | ı                         | 1  | 1  | 1          | (1,195)                             | ı        | I         | ı                                | ı         |
| Share-based compensation  | I        | I         | I                               | I                         | I  | 14,791                                       | 1          | I                                   | I        | 14,791    | I                                | 14,791    |
| Total transactions with equity holders  | 181,962  | 785,297   | 1,195                           | 25,547                    | I  | 14,791                                       | I          | (1,195)                             | 462,461  | 1,470,058 | (1,888,220)                      | (418,162) |
| Balance at 30 June 2012   | 717,504  | 4,005,322 | 2,428                           | 25,547                    | 1  | 59,310                                       | (61,650)   | (2,181,540)                         | 462,461  | 3,029,382 | 69,634                           | 3,099,016 |





## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2013

|   |          |           |                                 | Attributo                       | ible to equity h                                 | Attributable to equity holders of the Company                            | oany       |                             |          |           |                                  |           |
|---|----------|-----------|---------------------------------|---------------------------------|--|--|------------|-----------------------------|----------|-----------|----------------------------------|-----------|
|   | Share    | Share     | Statutory<br>reserves<br>(Note) | Convertible<br>bonds<br>reserve | Available-<br>for-sale<br>investments<br>reserve | Available- for-sale Share-based investments compensation reserve reserve | Exchange / | Exchange Accumulated losses | Other    | Total     | Non-<br>controlling<br>interests | Total     |
|   | HK\$,000 | HK\$,000  | HK\$,000                        | HK\$.000                        | HK\$.000   | HK\$'000   | HK\$1000   | HK\$.000                    | HK\$,000 | HK\$'000  | HK\$'000                         | HK\$'000  |
| Balance at 1 July 2012  | 717,504  | 4,005,322 | 2,428                           | 25,547                          | I  | 59,310   | (61,650)   | (2,181,540)                 | 462,461  | 3,029,382 | 69,634                           | 3,099,016 |
| Comprehensive income  |          |           |                                 |                                 |  |  |            |                             |          |           |                                  |           |
| Loss for the year   | I        | ı         | I                               | 1                               | 1  | 1  | 1          | (449,384)                   | 1        | (449,384) | (27,458)                         | (476,842) |
| Other comprehensive income  |          |           |                                 |                                 |  |  |            |                             |          |           |                                  |           |
| Exchange differences arising on translation of foreign operations | I        | 1         | ı                               | I                               | I  | 1  | (229,391)  | I                           | 1        | (229,391) | 1,503                            | (227,888) |
| Total other comprehensive (loss)/<br>income for the year          | 1        | 1         | 1                               | I                               | I  | 1  | (229,391)  | 1                           | I        | (229,391) | 1,503                            | (227,888) |
| Total comprehensive loss for the year                             | 1        | 1         | 1                               | 1                               | I  | 1  | (229,391)  | (449,384)                   | I        | (678,775) | (25,955)                         | (704,730) |

## **CONSOLIDATED STATEMENT** OF CHANGES IN EQUITY For the year ended 30 June 2013

|   |          |           |                                 | Attributa                       | ble to equity ho                                 | Attributable to equity holders of the Company | pany                                |                       |          |           |                                  |           |
|---|----------|-----------|---------------------------------|---------------------------------|--|---|-------------------------------------|-----------------------|----------|-----------|----------------------------------|-----------|
|   | Share    | Share     | Statutory<br>reserves<br>(Note) | Convertible<br>bonds<br>reserve | Available-<br>for-sale<br>investments<br>reserve | Share-based compensation reserve              | Exchange Accumulated reserve losses | Accumulated<br>losses | Other    | Total     | Non-<br>controlling<br>interests | Total     |
|   | HK\$.000 | HK\$.000  | HK\$1000                        | HK\$,000                        | HK\$'000   | HK\$.000                                      | HK\$1000                            | HK\$.000              | HK\$1000 | HK\$1000  | HK\$.000                         | HK\$,000  |
| Transactions with equity holders  |          |           |                                 |                                 |  |   |                                     |                       |          |           |                                  |           |
| Issue of shares for acquiring additional interest in a subsidiary upon Compulsary Acquisition (notes 30 & 39) | 4,906    | 21,583    | 1                               | 1                               | ı  | 1   | 1                                   | 1                     | 1        | 26,489    | 1                                | 26,489    |
| Issue of convertible bonds — equity component (note 31)   | 1        | I         | 1                               | 84,659                          | 1  | I   | I                                   | 1                     | 1        | 84,659    | 1                                | 84,659    |
| Issue of shares upon conversion of convertible bonds (note 31)  | 48,014   | 227,975   | 1                               | (110,206)                       | I  | 1   | 1                                   | 1                     | 1        | 165,783   | 1                                | 165,783   |
| Issue of shares upon redemption of<br>a fixed rate bond (note 30)   | 19,024   | 58,976    | I                               | 1                               | I  | 1   | I                                   | 1                     | 1        | 78,000    | 1                                | 78,000    |
| Appropriations to statutory reserves  | 1        | 1         | 2,990                           | 1                               | 1  | 1   | 1                                   | (2,386)               | 1        | 909       | (904)                            | 1         |
| Share-based compensation  | 1        | 1         | 1                               | 1                               | 1  | 7,329   | 1                                   | 1                     | 1        | 7,329     | 1                                | 7,329     |
| Total transactions with equity holders  | 71,944   | 308,534   | 2,990                           | (25,547)                        | I  | 7,329   | 1                                   | (2,386)               | 1        | 362,864   | (904)                            | 362,260   |
| Balance at 30 June 2013   | 789,448  | 4,313,856 | 5,418                           | 1                               | 1  | 66,639  | (291,041)                           | (2,633,310)           | 462,461  | 2,713,471 | 43,075                           | 2,756,546 |

The statutory reserves represent the reserve funds provided in relation to the extraction of mineral ores by a subsidiary established in the People's Republic of China (the "PRC") in accordance with the PRC laws and regulations. Note:

The notes on pages 58 to 108 form an integral part of these consolidated financial statements.



# CONSOLIDATED STATEMENT OF CASH FLOWS For the year ended 30 June 2013

| Cash flows from operating activities  Cash used in operating activities  Income tax paid  Net cash used in operating activities  Cash flows from investing activities  Acquisition of subsidiaries (net of cash and cash equivalents acquired)  Dividends received from available-for-sale investments  Interest received  Proceeds from disposal of financial assets at fair value through profit or loss  Proceeds from disposal of available-for-sale investments  Proceeds from disposal of property, plant and equipment  Purchases of property, plant and equipment | 2013<br>HK\$'000<br>(157,695)<br>(1,683)<br>(159,378)<br>———————————————————————————————————— | 2012<br>HK\$'000<br>(note 2(a))  (328,452)  (2)  (328,454)  —  2,449  27,175 | 2012<br>HK\$'000<br>(387,515)<br>(852)<br>(388,367) |
|---|---|--|---|
| Cash used in operating activities Income tax paid  Net cash used in operating activities  Cash flows from investing activities  Acquisition of subsidiaries (net of cash and cash equivalents acquired)  Dividends received from available-for-sale investments  Interest received  Proceeds from disposal of financial assets at fair value through profit or loss  Proceeds from disposal of available-for-sale investments  Proceeds from disposal of property, plant and equipment  | (1,683)<br>(159,378)<br>—   | (2)<br>(328,454)<br>—<br>2,449   | (852)   |
| Income tax paid  Net cash used in operating activities  Cash flows from investing activities  Acquisition of subsidiaries (net of cash and cash equivalents acquired)  Dividends received from available-for-sale investments  Interest received  Proceeds from disposal of financial assets at fair value through profit or loss  Proceeds from disposal of available-for-sale investments  Proceeds from disposal of property, plant and equipment  | (1,683)<br>(159,378)<br>—   | (2)<br>(328,454)<br>—<br>2,449   | (852)   |
| Net cash used in operating activities  Cash flows from investing activities  Acquisition of subsidiaries (net of cash and cash equivalents acquired)  Dividends received from available-for-sale investments  Interest received  Proceeds from disposal of financial assets at fair value through profit or loss  Proceeds from disposal of available-for-sale investments  Proceeds from disposal of property, plant and equipment   | (159,378)<br>—<br>—   | (328,454)<br>—<br>2,449  | (388,367)   |
| Cash flows from investing activities  Acquisition of subsidiaries (net of cash and cash equivalents acquired)  Dividends received from available-for-sale investments  Interest received  Proceeds from disposal of financial assets at fair value through profit or loss  Proceeds from disposal of available-for-sale investments  Proceeds from disposal of property, plant and equipment  | _<br>_  | <br>2,449  |   |
| Acquisition of subsidiaries (net of cash and cash equivalents acquired)  Dividends received from available-for-sale investments  Interest received  Proceeds from disposal of financial assets at fair value through profit or loss  Proceeds from disposal of available-for-sale investments  Proceeds from disposal of property, plant and equipment  | —<br>—<br>11,495<br>—   |  | 482,964   |
| cash equivalents acquired)  Dividends received from available-for-sale investments  Interest received  Proceeds from disposal of financial assets at fair value through profit or loss  Proceeds from disposal of available-for-sale investments  Proceeds from disposal of property, plant and equipment   | <br><br>11,495  |  | 482,964   |
| investments Interest received Proceeds from disposal of financial assets at fair value through profit or loss Proceeds from disposal of available-for-sale investments Proceeds from disposal of property, plant and equipment  | _<br>11,495<br>_  |  |   |
| Interest received  Proceeds from disposal of financial assets at fair value through profit or loss  Proceeds from disposal of available-for-sale investments  Proceeds from disposal of property, plant and equipment   | 11,495<br>—   |  |   |
| Proceeds from disposal of financial assets at fair value through profit or loss  Proceeds from disposal of available-for-sale investments  Proceeds from disposal of property, plant and equipment  | 11,495  | 27 175   | 2,449   |
| at fair value through profit or loss  Proceeds from disposal of available-for-sale investments  Proceeds from disposal of property, plant and equipment   | _   | 27,170   | 28,730  |
| investments  Proceeds from disposal of property, plant and equipment  |   | _  | 6,763   |
| and equipment   | _   | 259,720  | 259,720   |
| Purchases of property plant and equipment   | 3,821   | 1,245  | 1,277   |
| Torenases or property, plant and equipment  | (12,327)  | (28,296)   | (45,109)  |
| Purchase of mining properties   | (7,305)   | _  | _   |
| Net cash (used in)/generated from investing activities  | (4,316)   | 262,293  | 736,794   |
| Cash flows from financing activities  |   |  |   |
| Proceeds from borrowings  | _   | 2,339  | 12,637  |
| Proceeds from issuance of fixed rate bonds  | 156,000   | _  | _   |
| Proceeds from issuance of convertible bonds   | _   | 251,940  | 251,940   |
| Additional finance leases   | 6,723   | 9,503  | 19,547  |
| Release of restricted cash  | 5,200   | _  | _   |
| Placing of new shares   | _   | 333,060  | 333,060   |
| Additional contribution from non-controlling interests  | _   | 65,235   | 65,235  |
| Acquisition of additional interest in a subsidiary  | (33,514)  | (772,328)  | (772,328)   |
| Repayment of borrowings   | (15,890)  | (18,078)   | (27,588)  |
| Repayment of finance leases   | (8,701)   | (5,180)  | (7,945)   |
| Interest paid   | (6,196)   | (1,003)  | (1,531)   |
| Finance lease charges   | (875)   | (777)  | (1,077)   |
| Net cash generated from/(used in) financing activities  | 102,747   | (135,289)  | (128,050)   |
| Net (decrease)/increase in cash and cash equivalents  | (60,947)  | (201,450)  | 220,377   |
| Cash and cash equivalents at beginning of the year/period   | 336,395   | 565,110  | 135,590   |
| Effects of foreign exchange rate changes  | (21,701)  | (27,265)   | (19,572)  |
| Cash and cash equivalents at end of the year/period, represented by   | (21,701)  | (27,200)   | (17,572)  |
| Bank balances and cash 25   |   |  |   |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 1 GENERAL INFORMATION

Brockman Mining Limited (the "Company") and its subsidiaries (collectively, the "Group") principally engage in the acquisition, exploration and development of mineral tenements in Australia; exploitation, processing and sales of mineral resources, including copper ore concentrates and other mineral ore products in the People's Republic of China ("PRC") and in the provision of transportation services in Hong Kong and the PRC.

The Company is a public limited company incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "SEHK") and Australian Securities Exchange (the "ASX"). The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

These consolidated financial statements are presented in thousands of Hong Kong dollars ("HK\$"000"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 11 September 2013.

#### 2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and with the applicable disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-forsale investments, and financial assets and financial liabilities at fair value through profit or loss, which are carried at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

#### (a) Comparative information

Pursuant to a resolution of the Board of Directors dated 8 November 2011, the financial year end date of the Group has been changed from 31 December to 30 June to coincide with the financial year end date of the Company's principal operating subsidiaries, which are mainly situated in Western Australia, and thereby facilitate the preparation of the consolidated financial statements of the Group. Accordingly, the prior financial period covers an eighteen-month period from 1 January 2011 to 30 June 2012 including the consolidated statements of comprehensive income, changes in equity and cash flows and related notes thereto. The Company has also presented the consolidated statements of comprehensive income, changes in equity and cash flows for the twelve months ended 30 June 2012 according to the ASX disclosure requirements in the consolidated financial statements for eighteen months ended 30 June 2012 of the Group.

These consolidated financial statements cover a twelve-month period from 1 July 2012 to 30 June 2013, therefore, the comparative figures for the consolidated statements of comprehensive income, changes in equity and cash flows and related notes thereto are not comparable. For the purpose of enhancing the comparability of information, the Company has also presented the consolidated statements of comprehensive income, changes in equity and cash flows for the twelve months ended 30 June 2012 as the comparative figures.

#### (b) Going concern

During the year ended 30 June 2013, the Group had cash outflows used in operating activities of HK\$159,378,000. Based on the directors' review of the Group's cash flow projections, taken into account of the Group's expected cash flows from operations and available financial resources, the Group is expected to have sufficient financial resources to satisfy its future working capital requirements, and to meet its financial obligations as and when required for the next twelve months. Accordingly, the directors consider that it is appropriate to prepare the Group's consolidated financial statements on a going concern basis.



Effective for

#### 3 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

#### (a) Amended standards adopted by the Group

The following amendments to standards are mandatory for the first time for the financial year beginning on 1 July 2012.

IAS 1 (Amendment)

Presentation of Financial Statements

IAS 12 (Amendment)

Deferred Tax: Recovery of Underlying Assets

IFRS 1 (Amendment) Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters

IFRS 7 (Amendment) Disclosures — Transfers of Financial Assets

IFRS Amendments Improvements to IFRSs 2011

The adoption of the above amendments to standards does not have any significant impact to the Group's results and financial position.

### (b) New and amended standards have been issued but are not effective for the financial year beginning on 1 July 2012 and have not been early adopted

The following new standards and amendments to standards have been issued, but are not effective for the financial year beginning on 1 July 2012 and have not been early adopted:

|                               |   | annual periods<br>beginning on<br>or after |
|-------------------------------|---|--|
| IAS 19 (Amendment)            | Employee Benefits   | 1 January 2013                             |
| IAS 27 (revised 2011)         | Separate Financial Statements   | 1 January 2013                             |
| IAS 28 (revised 2011)         | Investment in Associates and Joint Ventures                                     | 1 January 2013                             |
| IAS 32 (Amendment)            | Financial Instruments: Presentation on Asset and<br>Liability Offsetting        | 1 January 2014                             |
| IAS 36 (Amendment)            | Impairments of Assets — Recoverable Amount Disclosures for Non-financial Assets | 1 January 2014                             |
| IAS 39 (Amendment)            | Financial Instruments: Recognition and Measurement                              | 1 January 2014                             |
| IFRS 7 (Amendment)            | Disclosures — Offsetting Financial Assets and Financial Liabilities             | 1 January 2013                             |
| IFRS 9                        | Financial Instruments   | 1 January 2015                             |
| IFRS 7 and IFRS 9 (Amendment) | Mandatory Effective Date and Transition Disclosures                             | 1 January 2015                             |
| IFRS 10                       | Consolidated Financial Statements   | 1 January 2013                             |
| IFRS 11                       | Joint Arrangements  | 1 January 2013                             |
| IFRS 12                       | Disclosure of Interests in Other Entities                                       | 1 January 2013                             |
| IFRS 13                       | Fair Value Measurement  | 1 January 2013                             |
|                               |   |  |

The Group has assessed that the adoption of IFRS 10 does not have any significant financial impact on the Group as all subsidiaries within the Group satisfy the requirements for control under IFRS 10 and there are no new subsidiaries identified under the new guidance.

Apart from IFRS 10, the Group is in the process of making an assessment of the impact of the above new standards, amendments to standards and interpretations and is not yet in a position to state the impact on the Group's results of operations and financial positions.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 3 PRINCIPAL ACCOUNTING POLICIES (Continued)

#### (c) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. The Group also assesses the existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of defacto control.

De-facto control may arise from circumstances where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised as assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group operates its limousine rental business in the PRC through PRC domestic companies whose equity interest are held by certain citizens of China (the "Registered Shareholders"). The paid-up capital of these companies was funded by the Group through loans extended to the Registered Shareholders. The Group has entered into certain business cooperation agreements with the Registered Shareholders, which make it obligatory for the Group to absorb a substantial majority of the risk of losses from their activities and entitle the Group to receive a substantial majority of their residual returns. In addition, the Group has entered into loan agreements with the Registered Shareholders for them to contribute paid-up capital to the domestic companies for the Group to acquire the equity in the PRC domestic companies subject to compliance with PRC laws. Based on these contractual agreements, the Group believes that, notwithstanding the lack of equity ownership, the contractual arrangements described above give the Group control over the PRC domestic companies in substance. Accordingly, the financial position and operating results of these entities are included in the Group's consolidated financial statements.

#### (i) Business combinations

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquirer's previously held interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.



#### 3 PRINCIPAL ACCOUNTING POLICIES (Continued)

#### (c) Subsidiaries (Continued)

#### (ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions with equity owners of the Group. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

#### (iii) Disposal of subsidiaries

When the Group ceases to have control of a subsidiary, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

#### (iv) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividends received and receivable

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

#### (d) Joint ventures

Jointly controlled assets are interests in joint ventures, whereby the venturers have contractual agreements that establish joint control over the economic activities of the joint venture assets.

The Group's interests in jointly controlled entities are accounted for by proportionate consolidation. The Group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements. The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the Group's purchase of assets from the joint venture until it re-sells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

#### (e) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

The chief operating decision-maker has been identified as the executive directors of the Company, who are responsible for allocating resources, assessing performance of the operating segments, and making strategic decisions.

#### (f) Foreign currency translation

#### (i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollar, which is the Company's functional and the Group's presentation currency.

#### (ii) Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

Translation differences on non-monetary financial assets such as equities classified as available for sale are included in the available-for-sale investments reserve in equity.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 3 PRINCIPAL ACCOUNTING POLICIES (Continued)

#### (f) Foreign currency translation (Continued)

#### (iii) Group companies

The results and financial position of all of the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated statement of comprehensive income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

#### (g) Mining properties

Mining properties are stated in the balance sheet at cost less subsequent accumulated amortisation and any accumulated impairment losses, if any. Mining properties are amortised using the units of production method based on the proven and probable mineral reserves and starts when commercial production commences. Amortisation for the remaining mining properties with finite useful lives is provided on a straight-line basis over their estimated useful lives.

Mining properties acquired in a business combination are identified and recognised as an intangible asset separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair values at the acquisition date.

Subsequent to initial recognition, mining properties with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses.

#### (h) Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes, other than construction in progress, are stated at historical cost less subsequent accumulated depreciation and any accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives at the following rates per annum:

Buildings 5% Leasehold improvements 259

Plants, furniture, fixtures and equipment 12.5% - 25% Motor vehicles 10% - 20%



#### 3 PRINCIPAL ACCOUNTING POLICIES (Continued)

#### (h) Property, plant and equipment (Continued)

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses in disposal are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of comprehensive income.

#### (i) Intangible assets

#### (1) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

#### (2) Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relationships have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method over the expected useful life.

#### (j) Impairment of investments in subsidiaries and non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

#### (k) Financial assets

#### Classification

The Group classifies its financial assets in the following categories: (i) at fair value through profit or loss, (ii) loan and receivables, and (iii) available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

#### (i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets. At 30 June 2013 and 2012, the Group did not have any financial assets at fair value through profit or loss.

#### (ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise "trade receivables", "other receivables and deposits", "amount due from a related party", "cash and cash equivalents" and "restricted cash" in the consolidated balance sheet.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 3 PRINCIPAL ACCOUNTING POLICIES (Continued)

(k) Financial assets (Continued)

Classification (Continued)

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative that are either designated in this category or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investment. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the balance sheet date. At 30 June 2013 and 2012, the Group did not have any available-for-sale financial assets.

#### Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognsied at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the consolidated statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the consolidated statement of comprehensive income within "Other (losses)/gains, net", in the period in which they arise. Dividend income from available-for-sale financial assets or financial assets at fair value through profit or loss is recognised in the consolidated statement of comprehensive income as part of "other income" when the Group's right to receive payment is established.

#### Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

#### Impairment of financial assets

(i) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.



#### 3 PRINCIPAL ACCOUNTING POLICIES (Continued)

#### (k) Financial assets (Continued)

#### Impairment of financial assets (Continued)

#### (ii) Assets classified as available-for-sale

The Group assesses at the balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria referred to in (i) above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the profit or loss on equity instruments are not reversed through the profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the profit or loss.

#### (I) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

#### (m) Trade and other receivables

Trade receivables are amounts due from customers for inventories sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

#### (n) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

#### (o) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### (p) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### (q) Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

All borrowing costs are recognised as and included in finance costs in the consolidated statement of comprehensive income in the period in which they are incurred. Except to the extent that they are capitalized as being directly attributable to the acquisition, construction or production of a qualifying asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 3 PRINCIPAL ACCOUNTING POLICIES (Continued)

#### (r) Convertible bonds

Convertible bonds issued by the Group that contain both the liability and conversion option components are classified separately into respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible bonds and fair value assigned to the liability component, representing the conversion option for the holder to convert the loan notes into equity, is included in equity (convertible bonds reserve).

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible bonds reserve until the embedded option is exercised, in which case the balance stated in convertible bonds reserve will be transferred to share premium. Where the options remain unexercised at the expiry date, the balance stated in convertible bonds reserve will be released to the retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

#### (s) Current and deferred income tax

The tax expenses for the year comprise current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised directly in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination which at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except when the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

During the year, all wholly-owned Australian subsidiaries of the Company form a tax consolidated group under Australian tax law and are taxed as a single entity. Brockman Mining Holdings (Australia) Pty Ltd ("BMH"), a wholly-owned subsidiary of the Company, is the head entity of the Australian tax consolidated group.



#### 3 PRINCIPAL ACCOUNTING POLICIES (Continued)

#### (t) Employee benefits

(i) Short-term obligations

Salaries, annual bonuses, the cost of non-monetary benefits and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related services are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long term employee benefit obligations

The liability for long service payment which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of the expected future payments to be made in respect of services provided by employees up to the end of a reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of services. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Pension obligations

The Group participates in various defined contribution schemes. The schemes are generally funded through payments to insurance companies, trustee-administrated funds or the relevant government authorities. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to the employee services in the current and prior periods.

Payments to state-managed retirement benefit and Mandatory Provident Fund retirement benefits scheme are charged as expenses when employees have rendered services entitling them to the contributions.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payment is available.

#### (u) Share-based payments

The Group operates equity-settled, share-based compensation plans, under which the entity receives services from directors, employees or consultants as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- Including any market performance conditions (for example, an entity's share price);
- Excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining as an employee of the entity over a specified time period); and
- Including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 3 PRINCIPAL ACCOUNTING POLICIES (Continued)

#### (v) Provisions

Provisions for environment restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

#### (w) Financial guarantee

Financial guarantee contracts within the scope of IAS 39 are accounted for as financial liabilities. A financial guarantee contract is recognised initially at its fair value. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the best estimate of the expenditure required to settle any financial obligation arising at the balance sheet date; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in the statement of comprehensive income the fee income earned on a straight line basis over the life of the guarantee.

#### (x) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of goods and services tax or value-added tax, discounts and after eliminating sales within the Group.

Transportation services income is recognised when the related services are provided.

Revenue on provisionally priced sales is recognised at the estimated fair value of the total consideration received or receivable. Contract terms for copper ore concentrates allow for a price adjustment based on the final assay of the goods by the customer to determine content. Recognition of the sales revenue for copper ore concentrates is based on the most recently determined estimate of product specifications with a subsequent adjustment made to revenue upon final determination.

The terms of concentrate sales contracts with third parties contain provisional pricing arrangements whereby the selling price for metal on concentrate is based on the prevailing spot prices on a specified future date after delivery to the customer. Adjustment to the sales process occurs based on movements in quoted market prices up to the date of final settlement. The period between provisional invoicing and final settlement is typically 30 days.

The fair value of the final sales price adjustment is re-estimated continuously and changes in fair value are recognised as an adjustment to revenue. In all cases, fair value is estimated by reference to market prices.

#### (y) Interest income

Interest income from a financial asset is accrued on a time basis at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

#### (z) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated statement of comprehensive income over the year necessary to match them with the costs that they are intended to compensate.



#### 3 PRINCIPAL ACCOUNTING POLICIES (Continued)

#### (aa) Exploration and evaluation costs

The Group has a policy of expensing all exploration and evaluation expenditure, except for acquisition of tenement costs, in the financial year in which it is incurred, unless its recoupment out of revenue to be derived from the successful development of the prospect, or from sale of that prospect, is assured beyond reasonable doubt.

#### (ab) Consumption tax (Goods and Services Tax and Value-added Tax)

Revenues, expenses and assets are recognised net of the amount of consumption tax except:

- Where the consumption tax incurred on a purchase of goods and services is not recoverable from the taxation
  authority, in which case the consumption tax is recognised as part of the cost of acquisition of the asset or as
  part of the expense item as applicable; and
- Receivables and payables are stated with the amount of consumption tax included.

The net amount of consumption tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the consolidated statement of cash flows on a gross basis and the consumption tax component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of consumption tax recoverable from, or payable to, the taxation authority.

#### (ac) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant and equipment which the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Finance lease payments are allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

#### (ad) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### (a) Expected useful life of mining right in the PRC and mineral reserves

The Group's management has determined the estimated useful life of approximately 22 years for its mining right based on the proven and probable reserves of 7,554,000 tonnes. The mining right certificate was granted for a term of 5 years expiring in September 2012. During the year ended 30 June 2013, temporary mining right certificate was granted for a term of 1 year expiring in June 2014.

With reference to an independent legal opinion received by Luchun Xingtai Mining Co., Ltd ("Luchun"), there is no legal barrier for Luchun to renew its mining right certificate when it expires. The independent legal opinion also confirmed that there was no illegal activity undertaken by Luchun in operating the mine between the expiry of the mining right and the granting of the temporary mining right certificate and there was no penalty exerted by the government regarding Luchun's mining operation.

Accordingly, the directors of the Company are of the opinion that the Group will be able to continuously renew the mining right certificate and the business licenses of respective mining subsidiaries at minimal charges. Therefore, the Group has used the proven and probable reserves as the basis of estimation for the useful life of its mining right.

Amortisation rate is determined based on estimated proven and probable mine reserve quantities with reference to the independent technical assessment report. The capitalised cost of mining rights are amortised using the units of production method. Any change to the estimated proven and probable mine reserves will affect the amortisation charge of those mining rights. Management will reassess the useful lives whenever events or changes in circumstances indicate that the mining right and business licenses may not be renewed continually.

Proven and probable mineral reserve estimates are updated at a regular basis and have taken into account recent production and technical information about the mine. This change is considered a change in estimate for accounting purposes and is reflected on a prospective basis in related amortisation rate.

#### (b) Impairment of mining properties in the PRC

Determining whether the mining properties are impaired requires an estimation of the recoverable amount of the cash-generating unit to which the mining right has been allocated, by value in use and fair value less costs to sell approaches. The Group estimates the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 30 June 2013, the carrying amount of the mining properties is approximately HK\$510,171,000 (2012: HK\$757,014,000). An impairment loss of HK\$243,000,000 was recognised for the year ended 30 June 2013 (Twelve months and eighteen months ended 30 June 2012: HK\$114,000,000). Details of the key assumptions used are disclosed in note 18.

#### (c) Impairment of mining properties in Australia

An entity shall assess at each reporting date whether there is an indication, based on either internal or external sources of information, that the carrying value of mining properties acquired may be impaired. If an indication is identified, the Company shall undertake an impairment assessment. This assessment will determine whether the mining properties in Australia are impaired which requires an estimation of the recoverable amount of the cash-generating unit to which the mining properties have been allocated, by value in use and fair value less costs to sell approaches. The assessment will estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. The carrying amounts of the mineral assets are approximately HK\$2,984,261,000 (2012: HK\$3,326,426,000). The decrease in carrying amounts of the mineral assets was mainly arising from the foreign exchange translation difference which was recognised in other comprehensive income. Details of the movement of mining properties are disclosed in note 18. No indicator of impairment was identified and no impairment loss was recognised for the year ended 30 June 2013 (Twelve months and eighteen months ended 30 June 2012: HK\$2,391,871,000). Details of the key assumptions used are disclosed in note 18.

#### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

#### (d) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a impairment loss may arise. As at 30 June 2013, the carrying amount of goodwill is nil (2012: HK\$784,000). Details of the recoverable amount calculation and the key assumptions used are disclosed in note 20.

#### (e) Impairment of intangible asset

Determining whether intangible asset is impaired requires an estimation of the value in use of the cash-generating units to which the intangible asset has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a impairment loss may arise. As at 30 June 2013, the carrying amount of intangible asset is nil (2012: HK\$3,592,000). Details of the recoverable amount calculation and the key assumptions used are disclosed in note 21.

#### (f) Deferred income taxes

While deferred income tax liabilities are provided in full on all taxable temporary differences, deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. In assessing the amount of deferred income tax assets that need to be recognised, the Group considers future taxable income and ongoing prudent and feasible tax planning strategies. In the event that the Company's estimates of projected future taxable income and benefits from available tax strategies are changed, or changes in current income tax regulations are enacted that would impact the timing or extent of the Company's ability to utilise the temporary differences in the future, adjustments to the recorded amount of net deferred income tax assets and income tax expense would be made. As at 30 June 2013, the Group did not recognise any deferred income tax assets in the consolidated balance sheet. Details of the Group's deferred income tax are set out in note 34.

#### 5 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debts and equity balances. The directors of the Company consider that the capital structure of the Group consists of long-term debts, and equity attributable to equity holders of the Company comprising issued capital and reserves.

The directors of the Company review the capital structure by considering the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through payment of dividends, new share issues as well as the issue of the new debt or the repayment of existing debts. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

The gearing ratios at 30 June 2013 and 2012 were as follows:

|                                       | 2013<br>HK\$'000 | 2012<br>HK\$'000 |
|---------------------------------------|------------------|------------------|
| Long-term debts (notes 29, 31 and 42) | 33,461           | 200,851          |
| Total equity                          | 2,756,546        | 3,099,016        |
| Total capital                         | 2,790,007        | 3,299,867        |
| Gearing ratio                         | 1.20%            | 6.09%            |

The gearing ratio decreased from 6.09% to 1.2% as all of the Group's convertible bonds, included in long-term debts, were converted into the ordinary shares of the Company on 19 February 2013.

#### 6 FINANCIAL INSTRUMENTS

#### Risk management

#### (a) Financial risk factors

The Group's major financial instruments are set out in note 6(a)(v) and the details of these financial instruments are disclosed in the respective notes. The Group's activities expose itself to a variety of financial risks: market risk (including currency risk, price risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The Group does not enter into derivative contracts for speculative purposes and the use of derivative financial instrument is subject to approval of Board of Directors.

#### (i) Foreign exchange risk

The Group mainly operates in Hong Kong, the PRC and Australia with most of the transactions originally denominated in the respective local currencies. Foreign exchange risk arises when future commercial transactions or recognised financial assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group is exposed to foreign exchange risk from various currencies, primarily with respect to Australian Dollars ("A\$"), Renminbi ("RMB") and the United States Dollars ("US\$").

The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and through natural hedges wherever possible. The Group does not use any derivative financial instrument to mitigate the foreign exchange risk.

Given the exchange rate peg between HK\$ and US\$, it is not foreseen that the Group will be exposed to any significant exchange rate risk for the transactions conducted in HK\$ or US\$. As at 30 June 2013 and 2012, the Group was not exposed to any significant exchange risk for RMB as all of the Group's RMB-denominated financial assets and liabilities were held by the group's companies with RMB as functional currency. However, exchange rate fluctuation of A\$ against HK\$ could affect the Group's performance and asset value.

As at 30 June 2013, if A\$ has strengthened or weakened by 10% (2012: 5%) against HK\$ with all other variables held constant, loss for the year would have been HK\$9,252,000 (Twelve months and eighteen months ended 30 June 2012: HK\$699,000) lower/higher, mainly as a result of foreign exchange gains/losses on translation of A\$ denominated cash and cash equivalents and amounts due to non-controlling interests.

#### (ii) Commodities price risk

The Group is exposed to commodity price volatility on commodity sales made by its mine operation in the PRC, mainly copper concentrate products, which are priced on, or benchmarked to, open market. The Group's mineral tenements in Australia – an iron ore project which has not yet commenced its commercial operation, it is not exposed to any commodity price volatility but iron ore price fluctuation will be relevant to its future activities. The Group does not use any derivative financial instrument for speculation or hedging purpose.

As at 30 June 2013 and 2012, the Group is not exposed to any significant commodities price as the commodities price movement does not affect the measurement of the carrying amount of its financial assets or liabilities.

#### (iii) Cash flow and fair value interest rate risks

The Group is exposed to fair value interest rate risk relating to fixed rate convertible bonds and fixed rate obligations under finance leases. Details of which are set out in notes 31 and 29. However, any interest rate movement will not affect the measurement of the carrying amounts of these financial liabilities according to the Group's accounting policy.

The Group is also exposed to cash flow interest rate risk in relation to variable rate bank borrowings. Details of which are set out in note 28. The Group's interest rate risk on bank balances is insignificant. If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's loss for the year ended 30 June 2013 would increase/decrease by HK\$94,000 (Twelve months ended 30 June 2012: HK\$173,000 and eighteen months ended 30 June 2012: HK\$256,000).

The Group does not have an interest rate hedging policy. However, management monitors interest rate exposures and will consider hedging significant interest rate exposures should the need arise.



### 6 FINANCIAL INSTRUMENTS (Continued)

Risk management (Continued)

#### (a) Financial risk management (Continued)

#### (iv) Credit risk

The Group's maximum exposure to credit risk which could cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the trade receivables, other receivables and deposits, amount due from a related party, cash and cash equivalents and restricted cash as stated in the consolidated balance sheet.

The Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties and financial guarantees issued by the Company arises from the carrying amount of the amount due from subsidiaries and cash and cash equivalents as stated in the Company's balance sheet.

Management reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the credit risk of the Group is significantly reduced.

The credit risk on cash and cash equivalents is limited for both the Group and the Company because counterparties are mainly the banks with high credit-rating, i.e. above Aa1 assigned by international credit-rating agencies.

The Group and the Company have no concentration of credit risk, with exposure spread over a number of counterparties.

#### (v) Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The Group generally finances its short term funding requirement with cash generated from operations, banking facilities, and equity placement. The Group's ability to achieve its Marillana iron ore project development schedule is reliant on access to appropriate and timely funding.

During the year, the Group has raised cash from the issue of fixed rate bonds.

Save for the above, there was no significant change in the working capital structure during the year. The current ratio is measured at 1.43 times compared to 1.32 times as at 30 June 2012.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

# 6 FINANCIAL INSTRUMENTS (Continued)

Risk management (Continued)

(a) Financial risk management (Continued)

(v) Liquidity risk (Continued)

| uquany risk (Commuea)                        |   |   | The G                 | roup                  |   |   |
|--|---|---|-----------------------|-----------------------|---|---|
|  | Weighted<br>average<br>effective<br>interest<br>rate<br>% | Within<br>1 year<br>of demand<br>HK\$'000 | 1-2 years<br>HK\$'000 | 2-5 years<br>HK\$'000 | Total un-<br>discounted<br>cash flows<br>HK\$'000 | Carrying<br>amount at<br>year end<br>date<br>HK\$'000 |
| 30 June 2013                                 |   |   |                       |                       |   |   |
| Non-derivative financial liabilities:        |   |   |                       |                       |   |   |
| Trade payables                               | _   | 14,161                                    | _                     | _                     | 14,161  | 14,161  |
| Other payables                               | _   | 50,774                                    | _                     | _                     | 50,774  | 50,774  |
| Amounts due to related parties               | _   | 3,800                                     | 25,846                | _                     | 29,646  | 29,646  |
| Bank borrowings —<br>variable rate           | _   | 10,781                                    | _                     | _                     | 10,781  | 10,781  |
| Obligations under finance leases             | 2.77  | 7,378                                     | 5,562                 | 2,332                 | 15,272  | 14,435  |
|  |   | 86,894                                    | 31,408                | 2,332                 | 120,634   | 119,797   |
| 30 June 2012                                 |   |   |                       |                       |   |   |
| Non-derivative financial liabilities:        |   |   |                       |                       |   |   |
| Trade payables                               | _   | 14,133                                    | _                     | _                     | 14,133  | 14,133  |
| Other payables                               | _   | 57,831                                    | _                     | _                     | 57,831  | 57,831  |
| Amounts due to related parties               | _   | 5,401                                     | 35,592                | _                     | 40,993  | 40,993  |
| Amounts due to non-<br>controlling interests | _   | 58,939                                    | _                     | _                     | 58,939  | 58,939  |
| Bank borrowings —<br>variable rate           | _   | 26,671                                    | _                     | _                     | 26,671  | 26,671  |
| Convertible bonds                            | 11.77   | _   | 195,234               | _                     | 195,234   | 154,401   |
| Obligations under finance leases             | 2.53  | 6,267                                     | 5,696                 | 5,765                 | 17,728  | 16,413  |
|  |   | 169,242                                   | 236,522               | 5,765                 | 411,529   | 369,381   |

# 6 FINANCIAL INSTRUMENTS (Continued)

Risk management (Continued)

(a) Financial risk management (Continued)

(v) Liquidity risk (Continued)

| The Company   |   |                                      |  |   |   |
|---|---|--------------------------------------|--|---|---|
| Weighted<br>average<br>effective<br>interest<br>rate<br>% | Within<br>1 year<br>of demand<br>HK\$'000 | 1-2 years<br>HK\$'000                | 2-5 years<br>HK\$'000                              | Total un-<br>discounted<br>cash flows<br>HK\$'000   | Carrying<br>amount at<br>year end<br>date<br>HK\$'000   |
|   |   |                                      |  |   |   |
|   |   |                                      |  |   |   |
| _   | 635                                       | _                                    | _  | 635   | 635   |
| _   | 247,015                                   | _                                    | _  | 247,015   | 247,015   |
|   | 247,650                                   | _                                    | _  | 247,650   | 247,650   |
|   |   |                                      |  |   |   |
|   |   |                                      |  |   |   |
| _   | 1,937                                     | _                                    | _  | 1,937   | 1,937   |
| _   | 246,982                                   | _                                    | _  | 246,982   | 246,982   |
| 11.77   | _   | 195,234                              | _  | 195,234   | 154,401   |
|   | 248,919                                   | 195,234                              | _  | 444,153   | 403,320   |
|   | average effective interest rate %         | average effective interest rate rate | average effective interest rate of demand HK\$'000 | average effective effective interest         1 year           rate of demand HK\$'000         1-2 years HK\$'000         2-5 years HK\$'000           —         635         —         —           —         247,015         —         —           247,650         —         —         —           —         246,982         —         —           11.77         —         195,234         — | average effective interest rate of demand RK\$'000         1-2 years HK\$'000         2-5 years HK\$'000         Total undiscounted cash flows HK\$'000           —         635         —         —         635           —         247,015         —         —         247,015           —         247,650         —         —         247,650           —         246,982         —         —         246,982           11.77         —         195,234         —         195,234 |

The Company provided guarantee of HK\$75,200,000 (2012: HK\$75,200,000) to a bank as a security of the banking facilities granted to an indirectly wholly-owned subsidiary. The guarantee is paid on demand if the banking facilities are in default.

#### (b) Fair value estimation

IFRS 7 requires disclosure of financial instruments that are measured in the balance sheet at fair value by the level of the following fair value measurement hierarchy:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

As at 30 June 2013 and 2012, there are no financial assets and liabilities that are measured at fair value.

The carrying amounts of the Group's financial assets, including trade and other receivables, deposits, amount due from a related party, restricted cash and cash and cash equivalents; and the Group's financial liabilities, including trade and other payables, bank borrowings, amounts due to related parties and non-controlling interests, approximate their fair values due to their short maturities.

#### 7 REVENUE

Revenue represents the amounts received and receivable for providing transportation services and sales of mineral ore products for the year/period. An analysis of the Group's revenue for the year/period is as follows:

|                                     | Twelve mo<br>30 J | Eighteen months<br>ended 30 June |                  |
|-------------------------------------|-------------------|----------------------------------|------------------|
|                                     | 2013<br>HK\$'000  | 2012<br>HK\$'000                 | 2012<br>HK\$'000 |
| Income from transportation services | 108,258           | 112,006                          | 172,229          |
| Sales of copper ore concentrates    | 50,298            | 20,806                           | 28,567           |
|                                     | 158,556           | 132,812                          | 200,796          |

Turnover consists of sales from mining operation in the PRC, which is HK\$50,298,000 for the year ended 30 June 2013 (Twelve months ended 30 June 2012: HK\$20,806,000 and eighteen months ended 30 June 2012: HK\$28,567,000).

### 8 SEGMENT INFORMATION

Operating segments are reported in a manner consistent with internal reporting provided to executive directors of the Company who are responsible for allocating resources and assessing performance of the operating segments. The executive directors consider the performance of the Group from a business perspective.

#### (a) Business segments

Following the completion of the acquisition of 100% equity interest of Brockman Mining Australia Pty Ltd ("BMA") (formerly known as Brockman Resources Limited), the Company has also put its business focus in the exploration and development of iron ore mining projects in Western Australia. Accordingly, the executive directors of the Company decided to combine the limousine rental services and airport shuttle bus services as a single operating segment "Transportation services". Prior year comparative segment information has been restated accordingly.

The Group's reportable operating segments are revised as follows:

| Transportation services        | _ | provision of limousine rental services in Hong Kong and the PRC and provision of airport shuttle bus services in Hong Kong |
|--------------------------------|---|--|
| Mining operations in the PRC   | _ | exploitation, processing and sales of copper ore concentrates in the PRC   |
| Mineral tenements in Australia | _ | mineral exploration, evaluation, development and tenements acquisition in Western Australia                                |

Others primarily relate to the provision of corporate services for investment holding companies. These activities are excluded from the reportable operating segments and are presented to reconcile to the totals included in the Group's consolidated statement of comprehensive income and balance sheet.

# 8 SEGMENT INFORMATION (Continued)

(a) Business segments (Continued)

The following is an analysis of the Group's revenue and results by business segment for the year/period:

|   |  | Year ended 30 June 2013               |  |                    |                   |  |  |
|---|--|---------------------------------------|--|--------------------|-------------------|--|--|
|   | Transportation<br>services<br>HK\$'000 | Mining operations in the PRC HK\$'000 | Mineral<br>tenements<br>in Australia<br>HK\$'000 | Others<br>HK\$'000 | Total<br>HK\$'000 |  |  |
| Segment revenue from external customers       | 108,258                                | 50,298                                | _  | _                  | 158,556           |  |  |
| Segment results                               | (7,120)                                | (274,568)                             | (121,902)  | (54,021)           | (457,611)         |  |  |
| Finance costs                                 |  |                                       |  |                    | (18,453)          |  |  |
| Loss before income tax                        |  |                                       |  |                    | (476,064)         |  |  |
| Other information:                            |  |                                       |  |                    |                   |  |  |
| Depreciation of property, plant and equipment | (16,036)                               | (5,071)                               | (1,163)  | (754)              | (23,024)          |  |  |
| Impairment of mining properties               | _                                      | (243,000)                             | _  | _                  | (243,000)         |  |  |
| Impairment of goodwill                        | (784)                                  | _                                     | _  | _                  | (784)             |  |  |
| Impairment of intangible asset                | (2,873)                                | _                                     | _  | _                  | (2,873)           |  |  |
| Amortisation of intangible asset              | (719)                                  | _                                     | _  | _                  | (719)             |  |  |
| Amortisation of mining properties             | _                                      | (22,204)                              | _  | _                  | (22,204)          |  |  |
| Finance costs                                 | (1,378)                                | _                                     | _  | (17,075)           | (18,453)          |  |  |
| Income tax credit/(expense)                   | 170                                    | _                                     | (948)  | _                  | (778)             |  |  |

|   |  | Twelve months (                                | ended 30 June 20                                 | 12 — restated      |                   |
|---|--|--|--|--------------------|-------------------|
|   | Transportation<br>services<br>HK\$'000 | Mining<br>operations<br>in the PRC<br>HK\$'000 | Mineral<br>tenements<br>in Australia<br>HK\$'000 | Others<br>HK\$'000 | Total<br>HK\$'000 |
| Segment revenue from external customers       | 112,006                                | 20,806   | _  | _                  | 132,812           |
| Segment results                               | (20,530)                               | (153,720)                                      | (2,615,528)                                      | (74,658)           | (2,864,436)       |
| Finance costs                                 |  |  |  |                    | (11,355)          |
| Loss before income tax                        |  |  |  |                    | (2,875,791)       |
| Other information:                            |  |  |  |                    |                   |
| Depreciation of property, plant and equipment | (16,022)                               | (4,362)  | (1,015)  | (279)              | (21,678)          |
| Impairment of mining properties               | _                                      | (114,000)                                      | (2,391,871)                                      | _                  | (2,505,871)       |
| Impairment of goodwill                        | (10,621)                               | _  | _  | _                  | (10,621)          |
| Impairment of intangible assets               | (5,222)                                | _  | _  | _                  | (5,222)           |
| Amortisation of intangible asset              | (1,602)                                | _  | _  | _                  | (1,602)           |
| Amortisation of mining properties             | _                                      | (9,349)  | _  | _                  | (9,349)           |
| Finance costs                                 | (1,780)                                | _  | _  | (9,575)            | (11,355)          |
| Income tax credit                             | 1,690                                  | _  | 717,538  | _                  | 719,228           |

# 8 SEGMENT INFORMATION (Continued)

(a) Business segments (Continued)

|   | E                                      | ighteen months                                 | ended 30 June 2                                  | Eighteen months ended 30 June 2012 — restated |                   |  |  |  |  |
|---|--|--|--|---|-------------------|--|--|--|--|
|   | Transportation<br>services<br>HK\$'000 | Mining<br>operations<br>in the PRC<br>HK\$'000 | Mineral<br>tenements<br>in Australia<br>HK\$'000 | Others<br>HK\$'000                            | Total<br>HK\$'000 |  |  |  |  |
| Segment revenue from external customers       | 172,229                                | 28,567   | _  | _   | 200,796           |  |  |  |  |
| Segment results                               | (19,550)                               | (158,298)                                      | (2,118,686)                                      | (108,680)                                     | (2,405,214)       |  |  |  |  |
| Finance costs                                 |  |  |  |   | (12,183)          |  |  |  |  |
| Loss before income tax                        |  |  |  |   | (2,417,397)       |  |  |  |  |
| Other information:                            |  |  |  |   |                   |  |  |  |  |
| Depreciation of property, plant and equipment | (23,496)                               | (6,045)  | (1,041)  | (423)   | (31,005)          |  |  |  |  |
| Impairment of mining properties               | _                                      | (114,000)                                      | (2,391,871)                                      | _   | (2,505,871)       |  |  |  |  |
| Impairment of goodwill                        | (10,621)                               | _  | _  | _   | (10,621)          |  |  |  |  |
| Impairment of intangible asset                | (5,222)                                | _  | _  | _   | (5,222)           |  |  |  |  |
| Amortisation of intangible asset              | (2,403)                                | _  | _  | _   | (2,403)           |  |  |  |  |
| Amortisation of mining properties             | _                                      | (13,671)                                       | _  | _   | (13,671)          |  |  |  |  |
| Finance costs                                 | (2,608)                                | _  | _  | (9,575)                                       | (12,183)          |  |  |  |  |
| Income tax credit                             | 1,772                                  | _  | 717,538  | _   | 719,310           |  |  |  |  |

|  | As at 30 June 2013                     |                                       |  |                    |                   |  |
|--|--|---------------------------------------|--|--------------------|-------------------|--|
|  | Transportation<br>services<br>HK\$'000 | Mining operations in the PRC HK\$'000 | Mineral<br>tenements<br>in Australia<br>HK\$'000 | Others<br>HK\$'000 | Total<br>HK\$'000 |  |
| Segment assets                             | 88,648                                 | 567,372                               | 3,172,136  | 69,227             | 3,897,383         |  |
| Total assets                               |  |                                       |  |                    | 3,897,383         |  |
| Other segment information:                 |  |                                       |  |                    |                   |  |
| Additions of property, plant and equipment | 8,487                                  | 2,992                                 | 750  | 98                 | 12,327            |  |
| Additions of mining properties             | _                                      | _                                     | 7,305  | _                  | 7,305             |  |

# 8 SEGMENT INFORMATION (Continued)

# (a) Business segments (Continued)

|  |  | As at 30 June 2012 — restated                  |  |                    |                   |  |  |
|--|--|--|--|--------------------|-------------------|--|--|
|  | Transportation<br>services<br>HK\$'000 | Mining<br>operations<br>in the PRC<br>HK\$'000 | Mineral<br>tenements<br>in Australia<br>HK\$'000 | Others<br>HK\$'000 | Total<br>HK\$'000 |  |  |
| Segment assets   | 111,320                                | 821,035  | 3,617,097  | 57,795             | 4,607,247         |  |  |
| Total assets   |  |  |  |                    | 4,607,247         |  |  |
| Other segment information:   |  |  |  |                    |                   |  |  |
| Additions of non-current assets for<br>the eighteen months ended<br>30 June 2012 |  |  |  |                    |                   |  |  |
| Property, plant and equipment<br>arising from acquisition of<br>subsidiaries     | _                                      | _  | 2,325  | _                  | 2,325             |  |  |
| Property, plant and equipment  | 27,803                                 | 11,896   | 2,461  | 2,949              | 45,109            |  |  |
| Mining properties arising from acquisition of subsidiaries                       | _                                      | _  | 5,955,062  | _                  | 5,955,062         |  |  |
| Additions of non-current assets for<br>the twelve months ended<br>30 June 2012   |  |  |  |                    |                   |  |  |
| Additions of property, plant and equipment                                       | 13,930                                 | 8,958  | 2,461  | 2,947              | 28,296            |  |  |

# (b) Geographical information

The transportation services are provided in Hong Kong and the PRC. The mining operation is located in the PRC and the mineral tenements are located in Australia.

The following table provides an analysis of the Group's revenue by geographical market, based on the origin of the services:

|           | Twelve mor       | Eighteen months<br>ended 30 June |                  |
|-----------|------------------|----------------------------------|------------------|
|           | 2013<br>HK\$'000 | 2012<br>HK\$'000                 | 2012<br>HK\$'000 |
| The PRC   | 73,602           | 54,347                           | 80,796           |
| Hong Kong | 84,954           | 78,465                           | 120,000          |
|           | 158,556          | 132,812                          | 200,796          |

The following is an analysis of the carrying amounts of the Group's mining properties, property, plant and equipment, goodwill, intangible asset and other non-current assets (excluding financial assets) analysed by geographical area in which the assets are located:

|           | As at 3          | 0 June           |
|-----------|------------------|------------------|
|           | 2013<br>HK\$'000 | 2012<br>HK\$'000 |
| The PRC   | 579,723          | 832,021          |
| Hong Kong | 29,359           | 40,649           |
| Australia | 2,986,949        | 3,329,670        |
|           | 3,596,031        | 4,202,340        |

### 9 EXPENSES BY NATURE

|   | Twelve months ended<br>30 June |                  | Eighteen months<br>ended 30 June |
|---|--------------------------------|------------------|----------------------------------|
|   | 2013<br>HK\$'000               | 2012<br>HK\$'000 | 2012<br>HK\$'000                 |
| Amortisation of intangible asset (included in direct costs)                     | 719                            | 1,602            | 2,403                            |
| Amortisation of mining properties (included in direct costs)                    | 22,204                         | 9,349            | 13,671                           |
| Auditor's remuneration  | 3,159                          | 3,225            | 3,433                            |
| Cost of inventories   | 10,273                         | 7,478            | 10,747                           |
| Depreciation of property, plant and equipment                                   | 23,024                         | 21,678           | 31,005                           |
| Equity-settled share-based compensation for consultants                         | 305                            | 77               | 2,039                            |
| Motor vehicles rental charges   | 17,909                         | 21,524           | 34,236                           |
| Operating lease rentals in respect of premises                                  | 16,068                         | 10,352           | 13,178                           |
| Professional fees for takeover bids   | _                              | 12,478           | 35,554                           |
| Staff costs (including directors' emoluments)                                   | 129,060                        | 128,271          | 150,975                          |
| Exploration and evaluation expenses (excluding staff costs and rental expenses) | 82,475                         | 167,998          | 185,676                          |

Staff costs (including directors' emoluments) include:

|   | Twelve moi<br>30 J | Eighteen months<br>ended 30 June |                  |
|---|--------------------|----------------------------------|------------------|
|   | 2013<br>HK\$'000   | 2012<br>HK\$'000                 | 2012<br>HK\$'000 |
| Wages, salaries and welfares                      | 116,147            | 106,549                          | 127,791          |
| Retirement benefit scheme contributions (note 41) | 5,889              | 7,008                            | 7,725            |
| Share-based compensation                          | 7,024              | 14,714                           | 15,459           |
|   | 129,060            | 128,271                          | 150,975          |

# 10 OTHER INCOME

|   | Twelve mo            | Twelve months ended<br>30 June |                  |  |
|---|----------------------|--------------------------------|------------------|--|
|   | <b>2013</b> HK\$'000 | 2012<br>HK\$'000               | 2012<br>HK\$'000 |  |
| Interest on bank deposits                           | 11,495               | 27,175                         | 28,730           |  |
| Dividend income from available-for-sale investments | _                    | 2,449                          | 2,449            |  |
| Government grant (note)                             | 7,997                | _                              | _                |  |
| Others  | 632                  | 562                            | 870              |  |
|   | 20,124               | 30,186                         | 32,049           |  |

Note: Government grant represents research and development incentive credits provided by the Australia Federal government in relation to research and development activities carried out in Australia.

# 11 OTHER (LOSSES)/GAINS, NET

|  | Twelve mo<br>30 J | Eighteen months<br>ended 30 June |                  |
|--|-------------------|----------------------------------|------------------|
|  | 2013<br>HK\$'000  | 2012<br>HK\$'000                 | 2012<br>HK\$'000 |
| Gain on disposal of financial assets at fair value through profit or loss  | _                 | _                                | 1,576            |
| Loss on disposal of property, plant and equipment  | (1,118)           | (766)                            | (1,004)          |
| Loss on de-recognition of a fixed rate bond (note 32)  | (6,659)           | _                                | _                |
| Release of available-for-sale investments reserve upon step acquisition  | _                 | _                                | 513,243          |
| Release of available-for-sale investments reserve upon disposal of available-for-sale investments in FerrAus Limited | _                 | 49.390                           | 49,390           |
| Loss on disposal of available-for-sale investments,  |                   | 47,070                           | 47,070           |
| net  | _                 | (32,261)                         | (32,261)         |
|  | (7,777)           | 16,363                           | 530,944          |

# 12 IMPAIRMENT LOSSES

|   | Twelve mor<br>30 J | Eighteen months<br>ended 30 June |                  |
|---|--------------------|----------------------------------|------------------|
|   | 2013<br>HK\$'000   | 2012<br>HK\$'000                 | 2012<br>HK\$'000 |
| Impairment of mining properties (note 18) | 243,000            | 2,505,871                        | 2,505,871        |
| Impairment of goodwill (note 20)          | 784                | 10,621                           | 10,621           |
| Impairment of intangible asset (note 21)  | 2,873              | 5,222                            | 5,222            |
|   | 246,657            | 2,521,714                        | 2,521,714        |

# 13 FINANCE COSTS

|   | Twelve mo<br>30 J | Eighteen months<br>ended 30 June |                  |
|---|-------------------|----------------------------------|------------------|
|   | 2013<br>HK\$'000  | 2012<br>HK\$'000                 | 2012<br>HK\$'000 |
| Effective interest expenses on convertible bonds (note 31)      | 11,382            | 9,575                            | 9,575            |
| Interest on bank borrowings, wholly repayable within five years | 503               | 1,003                            | 1,531            |
| Interest on obligations under finance leases                    | 875               | 777                              | 1,077            |
| Interest on fixed rate bonds                                    | 5,693             | _                                | _                |
|   | 18,453            | 11,355                           | 12,183           |

# 14 INCOME TAX EXPENSES/(CREDIT)

Hong Kong profits tax has been provided at the rate of 16.5% (Twelve months and eighteen months ended 30 June 2012: 16.5%) on the estimated assessable profit for the year. Overseas income tax has been provided at the prevailing rates ranging from 25% to 30% (Twelve months and eighteen months ended 30 June 2012: 25% to 30%) on the estimated assessable profit applicable to the Company's subsidiaries established in the PRC and Australia.

|   | Twelve mo<br>30 J | Eighteen months<br>ended 30 June |                  |
|---|-------------------|----------------------------------|------------------|
|   | 2013<br>HK\$'000  | 2012<br>HK\$'000                 | 2012<br>HK\$'000 |
| Current income tax:                         |                   |                                  |                  |
| Hong Kong profits tax                       |                   |                                  |                  |
| Current year/period                         | 218               | 266                              | 573              |
| Under/(over) provision in prior year/period | 281               | (499)                            | (487)            |
| Overseas income tax                         |                   |                                  |                  |
| Under provision in prior year/period        | 995               | _                                | _                |
| Deferred income tax                         | (716)             | (718,995)                        | (719,396)        |
|   | 778               | (719,228)                        | (719,310)        |

The income tax on the Group's loss before income tax differs from the theoretical amount that would arise using the enacted tax rate of the consolidated entities as follows:

|  | Twelve moi<br>30 J | Eighteen months<br>ended 30 June |                  |  |
|--|--------------------|----------------------------------|------------------|--|
|  | 2013<br>HK\$'000   | 2012<br>HK\$'000                 | 2012<br>HK\$'000 |  |
| Loss before income tax   | (476,064)          | (2,875,791)                      | (2,417,397)      |  |
| Notional tax at the applicable tax rate of 16.5%                 | (78,551)           | (474,506)                        | (398,870)        |  |
| Effect of different tax rates of subsidiaries operating overseas | (45,444)           | (358,011)                        | (360,250)        |  |
| Income not subject to tax  | (34,078)           | (9,479)                          | (94,234)         |  |
| Expenses not deductible for tax purposes                         | 85,020             | 51,451                           | 55,928           |  |
| Under/(over) provision in prior year/period                      | 1,273              | (183)                            | (487)            |  |
| Tax losses for which no deferred income tax asset was recognised | 73,099             | 71,500                           | 78,603           |  |
| Utilisation of previously unrecognised tax losses                | (541)              | _                                | _                |  |
|  | 778                | (719,228)                        | (719,310)        |  |

The tax charge relating to components of other comprehensive income is as follows:

|  | Tw                     | elve months end<br>30 June 2013 | ded                   | Tw                     | elve months en<br>30 June 2012 | ded                   | Eigl                   | nteen months e<br>30 June 2012 | nded                  |
|--|------------------------|---------------------------------|-----------------------|------------------------|--------------------------------|-----------------------|------------------------|--------------------------------|-----------------------|
|  | Before tax<br>HK\$'000 | Tax credit<br>HK\$'000          | After tax<br>HK\$'000 | Before tax<br>HK\$'000 | Tax credit<br>HK\$'000         | After tax<br>HK\$'000 | Before tax<br>HK\$'000 | Tax credit<br>HK\$'000         | After tax<br>HK\$'000 |
| Fair value (loss)/gain on available-for-<br>sale investments   | _                      | _                               | _                     | (52,040)               | 934                            | (51,106)              | (316,125)              | 89,459                         | (226,666)             |
| Release of available-for-sale investments reserve upon step acquisition                                  | _                      | _                               | _                     | _                      | _                              | _                     | (513,243)              | 125,559                        | (387,684)             |
| Release of available-for-sale investments<br>reserve upon disposal of available-<br>for-sale investments | _                      | _                               | _                     | (13,355)               | 2,874                          | (10,481)              | (13,355)               | 2,874                          | (10,481)              |
| Currency translation differences   | _                      | _                               | _                     | (232,856)              | _                              | (232,856)             | (147,056)              | _                              | (147,056)             |
| Other comprehensive income   | _                      | _                               | _                     | (298,251)              | 3,808                          | (294,443)             | (989,779)              | 217,892                        | (771,887)             |
| Deferred income tax (note 34)  |                        | _                               |                       |                        | 3,808                          |                       |                        | 217,892                        |                       |

# 15 DIRECTORS AND EMPLOYEES' EMOLUMENTS

### (a) Directors' emoluments

The emoluments paid or payable to each of the eleven (2012: nine) directors were as follows:

|   | Kwai<br>Sze<br>Hoi<br>HK\$'000 | Luk<br>Kin<br>Peter<br>Joseph<br>HK\$'000<br>(note 1) | Chu<br>Chung<br>Yue,<br>Howard<br>HK\$'000<br>(note 2) | Chan<br>Kam<br>Kwan,<br>Jason<br>HK\$'000 | Warren<br>Talbot<br>Beckwith<br>HK\$'000 | Liu<br>Zhengui<br>HK\$'000 | Yip Kwok<br>Cheung,<br>Danny<br>HK\$'000 | Lau<br>Kwok<br>Kuen,<br>Eddie<br>HK\$'000 | Uwe<br>Henke<br>Von<br>Parpart<br>HK\$'000 | Ross<br>Steward<br>Norgard<br>HK\$'000<br>(note 3) | David<br>Michael<br>Spratt<br>HK\$'000<br>(note 4) | Total<br>HK\$'000 |
|---|--------------------------------|---|--|---|--|----------------------------|--|---|--|--|--|-------------------|
| Twelve months ended 30 June 2013          |                                |   |  |   |  |                            |  |   |  |  |  |                   |
| Fees                                      | -                              | -   | -  | -   | 3,060                                    | 240                        | 220                                      | 220                                       | 220  | 612  | 570  | 5,142             |
| Salaries and other benefits               | -                              | 5,468   | 1,970  | 1,800                                     | -  | -                          | -  | -   | -  | -  | -  | 9,238             |
| Contribution to retirement benefit scheme | _                              | 120   | 62   | 50  | _  | _                          | _  | _   | _  | 9  | 7  | 248               |
| Share-based compensation                  | 574                            | 2,981   | 1,699  | 404                                       | 164                                      | 246                        | 103                                      | 103                                       | 103  | 12   | 12   | 6,401             |
|   | 574                            | 8,569   | 3,731  | 2,254                                     | 3,224                                    | 486                        | 323                                      | 323                                       | 323  | 633  | 589  | 21,029            |
| Twelve months ended 30 June 2012          |                                |   |  |   |  |                            |  |   |  |  |  |                   |
| Fees                                      | _                              | -   | -  | -   | _  | 43                         | 216                                      | 216                                       | 216  | -  | -  | 691               |
| Salaries and other benefits               | _                              | 3,796   | 1,778  | 1,400                                     | -  | -                          | -  | _   | -  | -  | _  | 6,974             |
| Contribution to retirement benefit scheme | -                              | 90  | 60   | 40  | -  | -                          | -  | -   | -  | _  | -  | 190               |
| Share-based compensation                  | -                              | 5,076   | 596  | 659                                       | -  | -                          | 202                                      | 202                                       | 202  | -  | -  | 6,937             |
|   | -                              | 8,962   | 2,434  | 2,099                                     | -  | 43                         | 418                                      | 418                                       | 418  | -  | -  | 14,792            |
| Eighteen months ended 30 June 2012        |                                |   |  |   |  |                            |  |   |  |  |  |                   |
| Fees                                      | _                              | -   | -  | -   | _  | 43                         | 324                                      | 324                                       | 324  | -  | -  | 1,015             |
| Salaries and other benefits               | -                              | 4,397   | 1,778  | 1,700                                     | -  | -                          | -  | -   | -  | -  | -  | 7,875             |
| Contribution to retirement benefit scheme | _                              | 125   | 60   | 58  | _  | _                          | _  | _   | _  | _  | _  | 243               |
| Share-based compensation                  | -                              | 5,076   | 596  | 781                                       | -  | -                          | 282                                      | 282                                       | 282  | -  | -  | 7,299             |
|   | _                              | 9,598   | 2,434  | 2,539                                     | _  | 43                         | 606                                      | 606                                       | 606  | _  | _  | 16,432            |

#### Note:

- 1. Luk Kin Peter Joseph is also the chief executive officer of the Company.
- 2. Chu Chung Yue, Howard resigned as executive director on 1 April 2013.
- 3. Ross Steward Norgard was appointed as non-executive director on 22 August 2012.
- 4. David Michael Spratt was appointed as independent non-executive director on 22 August 2012 and resigned on 14 June 2013.

No director waived any emoluments during the year/period.

# (b) Five highest paid individuals

Of the five individuals who received the highest emoluments in the Group for the year/period, two (Twelve months and eighteen months ended 30 June 2012: one) are the directors of the Company whose emoluments are disclosed in note 15(a) above. The emoluments of the remaining three (2012: four) individuals are as follows:

|   | Twelve mor<br>30 J | Eighteen months<br>ended 30 June |                  |
|---|--------------------|----------------------------------|------------------|
|   | 2013<br>HK\$'000   | 2012<br>HK\$'000                 | 2012<br>HK\$'000 |
| Salaries and other benefits               | 12,860             | 17,679                           | 17,679           |
| Contribution to retirement benefit scheme | 384                | 604                              | 604              |
| Performance related incentive payments    | _                  | 1,183                            | 1,183            |
| Share-based compensation                  | 2,993              | 5,930                            | 5,930            |
|   | 16,237             | 25,396                           | 25,396           |

# 15 DIRECTORS AND EMPLOYEES' EMOLUMENTS (Continued)

(b) Five highest paid individuals (Continued)

The emoluments of the remaining individuals fell within the following bands:

|                               | Number of<br>Twelve mo<br>30 J | Number of individuals<br>Eighteen months ended<br>30 June |                  |  |
|-------------------------------|--------------------------------|---|------------------|--|
|                               | 2013<br>HK\$'000               | 2012<br>HK\$'000  | 2012<br>HK\$'000 |  |
| HK\$4,500,001 — HK\$5,000,000 | 2                              | _   | _                |  |
| HK\$5,000,001 — HK\$5,500,000 | _                              | 1   | 1                |  |
| HK\$6,000,001 — HK\$6,500,000 | _                              | 1   | 1                |  |
| HK\$6,500,001 — HK\$7,000,000 | _                              | 1   | 1                |  |
| HK\$7,000,001 — HK\$7,500,000 | 1                              | 1   | 1                |  |
|                               | 3                              | 4   | 4                |  |

#### 16 LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the year/period. Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

|  | Twelve mo<br>30 J | Eighteen months<br>ended 30 June |             |  |
|--|-------------------|----------------------------------|-------------|--|
|  | 2013              | 2012                             | 2012        |  |
| Loss for the year/period attributable to the equity holders of the Company (HK\$'000)  | (449,384)         | (2,045,841)                      | (1,579,652) |  |
| Weighted average number of ordinary shares<br>for the purpose of calculating the basic and<br>diluted loss per share (thousands) | 7,483,471         | 5,823,047                        | 5,305,614   |  |
| Loss per share attributable to the equity holders of the Company   |                   |                                  |             |  |
| Basic (HK cents)   | (6.01)            | (35.13)                          | (29.77)     |  |
| Diluted (HK cents)   | (6.01)            | (35.13)                          | (29.77)     |  |

Diluted loss per share is the same as basic loss per share for the twelve months ended 30 June 2013 and 2012, and the eighteen months ended 30 June 2012 because the effect of the assumed conversion of the convertible bonds and share options of the Company during these year/period was anti-dilutive.

#### 17 DIVIDEND

No dividend was paid or proposed during the year ended 30 June 2013, nor has any dividend been proposed since the balance sheet date (Twelve months and eighteen months ended 30 June 2012: Nil).

#### 18 MINING PROPERTIES

|                                       | Mining right<br>in the PRC<br>HK\$'000 | Mining properties<br>in Australia<br>HK\$'000 | <b>Total</b><br>HK\$'000 |
|---------------------------------------|--|---|--------------------------|
| Balance as at 1 January 2011          | 850,616                                | _   | 850,616                  |
| Amortisation during the period        | (4,930)                                | _   | (4,930)                  |
| Acquisition of subsidiaries           | _                                      | 5,955,062                                     | 5,955,062                |
| Exchange differences                  | 20,109                                 | 84,965  | 105,074                  |
| Balance as at 1 July 2011 (unaudited) | 865,795                                | 6,040,027                                     | 6,905,822                |
| Amortisation during the period        | (8,107)                                | _   | (8,107)                  |
| Impairment losses (note 12)           | (114,000)                              | (2,391,871)                                   | (2,505,871)              |
| Exchange differences                  | 13,326                                 | (321,730)                                     | (308,404)                |
| Balance as at 30 June 2012            | 757,014                                | 3,326,426                                     | 4,083,440                |
| Amortisation during the year          | (20,668)                               | _   | (20,668)                 |
| Additions                             | _                                      | 7,305   | 7,305                    |
| Impairment losses (note 12)           | (243,000)                              | _   | (243,000)                |
| Exchange differences                  | 16,825                                 | (349,470)                                     | (332,645)                |
| Balance as at 30 June 2013            | 510,171                                | 2,984,261                                     | 3,494,432                |

#### Mining right in the PRC

Mining right in the PRC represents the right to conduct mining activities in Damajianshan, Honghe Zhou, Luchun County, Yunnan. The mine is located on land in the PRC to which the Group has no formal title. Yunnan State Land Resources Bureau issued the mining right certificate to Luchun Xingtai Mining Co., Ltd ("Luchun") in January 2005. The mining right certificate was renewed in 2007 for a period of five years to September 2012. Yunnan State Land Resources Bureau has granted Luchun an extension of the existing mining certificate for a period of three months to December 2012 and a temporary mining right certificate expiring in June 2014 has been obtained during the year, pending a long-term certificate to be granted upon fulfillment of certain statutory reporting requirement.

With reference to an independent legal opinion received by Luchun, there is no legal barrier for Luchun to renew its mining right certificate when it expires. The independent legal opinion also confirmed that there was no illegal activity undertaken by Luchun in operating the mine between the expiry of the mining right certificate and the granting of the temporary mining right certificate and there was no penalty exerted by the government regarding Luchun's mining operation.

Accordingly, the directors of the Company are of the opinion that the Group will be able to continuously renew the mining right and the business licenses of respective mining subsidiaries at minimal charges.

The mining right in the PRC is amortised using the units of production method based on the proven and probable mineral reserves of 7,554,000 tonnes under the assumption that the Group can renew the mining right certificate in the future until all proven and probable reserves have been mined.

The volatility of copper price and the revision of production and capital investment plans are considered to be impairment indicators which triggered the need to perform an impairment assessment. The directors have taken into consideration fair value less costs to sell and value in use calculations to determine the recoverable amount of the mining right as at 30 June 2013

### **18 MINING PROPERTIES** (Continued)

Key assumptions adopted by management are summarised as follows:

|                       | 30 .                 | 30 June              |  |
|-----------------------|----------------------|----------------------|--|
|                       | 2013                 | 2012                 |  |
| ong-term copper price | US\$6,840 per tonne  | US\$6,890 per tonne  |  |
| unt rate              | 17.3%                | 17.3%                |  |
|                       | 800 tonnes to        | 650 tonnes to        |  |
| ction capacity        | 1,950 tonnes per day | 3,000 tonnes per day |  |

Based on the above impairment assessment, an impairment loss of approximately HK\$243,000,000 was recognised for the year (Twelve months and eighteen months ended 30 June 2012: HK\$114,000,000).

These calculations use cash flow projections based on financial projections approved by management. If the long-term copper price adopted in the valuation had been 5% lower, the recoverable amount would be reduced by approximately HK\$22,749,000 and further impairment loss of HK\$22,749,000 would be required. If the discount rate used in discounted cash flow calculation had been 1% higher than management's estimates at 30 June 2013, the recoverable amount of the mining right recognised would be decreased by HK\$30,082,000 and further impairment loss of HK\$30,082,000 would be recognised.

#### Mining properties in Australia

The mining properties in Australia represent the carrying value of mining and exploration projects in Australia (including the Marillana iron ore project) acquired by the Group.

For the twelve months and eighteen months ended 30 June 2012, the Group impaired the carrying value with reference to an independent valuation. Impairment loss of HK\$2,391,871,000 was recognised for the twelve months and eighteen months ended 30 June 2012, the impairment reduced the deferred income tax liability brought to account following the business combination relating to the value attributed to the mining properties acquired. The reduction in the deferred income tax liability as a result of the impairment is HK\$717,538,000.

During the year ended 30 June 2013, the Group expanded its mining properties holding, securing exploration licenses E47/2280, E47/2291 and E47/2594(A), which are adjacent to the Group's Ophthalmia tenements, with an upfront cash payment of HK\$7.3 million.

At 30 June 2013, the Group assessed and concluded there was no impairment indicator.

Volatility in iron ore pricing and uncertainty in relation to securing infrastructure to deliver the projects continue to present impairment risks.

The ultimate recoupment of the carrying value of mining properties is dependent on the successful development and commercial exploitation of, or sale of interests in, the mining properties.





# 19 PROPERTY, PLANT AND EQUIPMENT

|   |                       |  |  | The Group                     |                      |   |                   |
|---|-----------------------|--|--|-------------------------------|----------------------|---|-------------------|
|   | Buildings<br>HK\$'000 | Leasehold<br>improve-<br>ments<br>HK\$'000 | Plants,<br>furniture,<br>fixtures and<br>equipment<br>HK\$'000 | Motor<br>vehicles<br>HK\$'000 | Subtotal<br>HK\$'000 | Construction<br>in progress<br>HK\$1000 | Total<br>HK\$'000 |
| For the six months ended 30 June 2011 (unaudited) |                       |  |  |                               |                      |   |                   |
| At 1 January 2011                                 | 11,746                | 670  | 15,388   | 59,864                        | 87,668               | _                                       | 87,668            |
| Additions   | _                     | 554  | 2,021  | 14,238                        | 16,813               | _                                       | 16,813            |
| Acquisition of subsidiaries                       | _                     | _  | 2,325  | _                             | 2,325                | _                                       | 2,325             |
| Disposals   | _                     | _  | _  | (271)                         | (271)                | _                                       | (271)             |
| Depreciation (note 9)                             | (337)                 | (153)                                      | (1,413)  | (7,424)                       | (9,327)              | _                                       | (9,327)           |
| Exchange differences                              | 267                   | 2  | 376  | 715                           | 1,360                | _                                       | 1,360             |
| At 30 June 2011 (unaudited)                       | 11,676                | 1,073                                      | 18,697   | 67,122                        | 98,568               | _                                       | 98,568            |
| At 30 June 2011 (unaudited)                       |                       |  |  |                               |                      |   |                   |
| Cost  | 13,499                | 1,998                                      | 26,490   | 98,822                        | 140,809              | _                                       | 140,809           |
| Accumulated depreciation                          | (1,823)               | (925)                                      | (7,793)  | (31,700)                      | (42,241)             | _                                       | (42,241)          |
| Net book amount                                   | 11,676                | 1,073                                      | 18,697   | 67,122                        | 98,568               | _                                       | 98,568            |
| For the twelve months ended 30 June 2012          |                       |  |  |                               |                      |   |                   |
| At 1 July 2011 (unaudited)                        | 11,676                | 1,073                                      | 18,697   | 67,122                        | 98,568               | _                                       | 98,568            |
| Additions   | _                     | 2,416                                      | 11,466   | 14,252                        | 28,134               | 162                                     | 28,296            |
| Disposals   | _                     | (283)                                      | (154)  | (1,573)                       | (2,010)              | _                                       | (2,010)           |
| Depreciation (note 9)                             | (697)                 | (306)                                      | (4,560)  | (16,115)                      | (21,678)             | _                                       | (21,678)          |
| Exchange differences                              | 174                   | (3)  | 30   | 462                           | 663                  | (1)                                     | 662               |
| At 30 June 2012                                   | 11,153                | 2,897                                      | 25,479   | 64,148                        | 103,677              | 161                                     | 103,838           |
| At 30 June 2012                                   |                       |  |  |                               |                      |   |                   |
| Cost  | 13,685                | 3,481                                      | 37,094   | 103,534                       | 157,794              | 161                                     | 157,955           |
| Accumulated depreciation                          | (2,532)               | (584)                                      | (11,615)   | (39,386)                      | (54,117)             | _                                       | (54,117)          |
| Net book amount                                   | 11,153                | 2,897                                      | 25,479   | 64,148                        | 103,677              | 161                                     | 103,838           |
| For the twelve months ended 30 June 2013          |                       |  |  |                               |                      |   |                   |
| At 1 July 2012                                    | 11,153                | 2,897                                      | 25,479   | 64,148                        | 103,677              | 161                                     | 103,838           |
| Additions   | _                     | 57   | 3,659  | 8,404                         | 12,120               | 207                                     | 12,327            |
| Disposals   | _                     | -  | (178)  | (4,761)                       | (4,939)              | _                                       | (4,939)           |
| Depreciation (note 9)                             | (692)                 | (685)                                      | (5,433)  | (16,214)                      | (23,024)             | _                                       | (23,024)          |
| Exchange differences                              | 289                   | 15   | 272  | 697                           | 1,273                | 7                                       | 1,280             |
| At 30 June 2013                                   | 10,750                | 2,284                                      | 23,799   | 52,274                        | 89,107               | 375                                     | 89,482            |
| At 30 June 2013                                   |                       |  |  |                               |                      |   |                   |
| Cost  | 14,052                | 3,560                                      | 39,721   | 99,740                        | 157,073              | 375                                     | 157,448           |
| Accumulated depreciation                          | (3,302)               | (1,276)                                    | (15,922)   | (47,466)                      | (67,966)             | _                                       | (67,966)          |
| Net book amount                                   | 10,750                | 2,284                                      | 23,799   | 52,274                        | 89,107               | 375                                     | 89,482            |

At 30 June 2013, the Group pledged the motor vehicles with a carrying value of approximately HK\$5,166,000 (2012: HK\$8,950,000) to secure the banking facilities granted to a wholly-owned subsidiary of the Company.

A wholly-owned subsidiary of the Company leases various motor vehicles with carrying value of approximately HK\$18,278,000 (2012: HK\$19,298,000) under non-cancellable finance lease arrangement.

# 19 PROPERTY, PLANT AND EQUIPMENT (Continued)

| KOTEKIT, TEAM AND EQUI MENT (COMMISCA)                       |                                       |   |                          |
|--|---------------------------------------|---|--------------------------|
|  |                                       | The Company   |                          |
|  | Leasehold<br>improvements<br>HK\$'000 | Furniture,<br>fixtures and<br>equipment<br>HK\$'000 | <b>Total</b><br>HK\$'000 |
| For the twelve months and eighteen months ended 30 June 2012 |                                       |   |                          |
| At 1 January and 1 July 2011 (unaudited)                     | _                                     | _   | _                        |
| Additions  | 2,392                                 | 534   | 2,926                    |
| Disposals  | (8)                                   | (8)   | (16)                     |
| Depreciation   | (97)                                  | (17)  | (114)                    |
| At 30 June 2012  | 2,287                                 | 509   | 2,796                    |
| At 30 June 2012  |                                       |   |                          |
| Cost   | 2,384                                 | 526   | 2,910                    |
| Accumulated depreciation                                     | (97)                                  | (17)  | (114)                    |
| Net book amount  | 2,287                                 | 509   | 2,796                    |
| For the twelve months ended 30 June 2013                     |                                       |   |                          |
| At 1 July 2012   | 2,287                                 | 509   | 2,796                    |
| Additions  | 57                                    | 30  | 87                       |
| Disposals  | _                                     | (5)   | (5)                      |
| Depreciation   | (608)                                 | (110)   | (718)                    |
| At 30 June 2013  | 1,736                                 | 424   | 2,160                    |
| At 30 June 2013  |                                       |   |                          |
| Cost   | 2,441                                 | 550   | 2,991                    |
| Accumulated depreciation                                     | (705)                                 | (126)   | (831)                    |
| Net book amount  | 1,736                                 | 424   | 2,160                    |

# 20 GOODWILL AND IMPAIRMENT TESTING ON GOODWILL

|   | HK\$'000 |
|---|----------|
| For the twelve and eighteen months ended 30 June 2012 |          |
| At 1 January 2011 and 1 July 2011 (unaudited)         | 11,40    |
| Impairment loss (note 12)                             | (10,62   |
| At 30 June 2012                                       | 78       |
| At 30 June 2012                                       |          |
| Cost  | 91,87    |
| Accumulated impairment                                | (91,08   |
|   | 78       |
| For the twelve months ended 30 June 2013              |          |
| At 1 July 2012  | 78       |
| Impairment loss (note 12)                             | (78      |
| At 30 June 2013                                       | -        |
| At 30 June 2013                                       |          |
| Cost  | 91,87    |
|   |          |

Goodwill is monitored by the management at the operating segment level. The goodwill arising on acquisition is attributable to the operating segment of transportation services. For the purpose of impairment testing, goodwill has been allocated to its cash generating units ("CGUs").

# 20 GOODWILL AND IMPAIRMENT TESTING ON GOODWILL (Continued)

The recoverable amount of a CGU is determined by management based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budget approved by management covering five-year period up to 2018. Key assumptions adopted in the discounted cash flow model are based on the unit's past performance and management estimation, and are summarised as follows:

Revenue growth rate 4.3% Discount rate 14.6%

According to the result of the value in use calculations, the recoverable amount is below the carrying amount of the CGU as at 30 June 2013. The directors of the Company are of the opinion that the shortfall of the recoverable amount is mainly attributable to the fact that result of the CGU for the year was behind the approved financial budget and lower than that of last year. Hence, the carrying amount of this CGU has been reduced to its recoverable amount through recognition of impairment losses of approximately HK\$784,000 (Twelve months and eighteen months ended 30 June 2012: HK\$10,621,000) and HK\$2,873,000 (Twelve months and eighteen months ended 30 June 2012: HK\$5,222,000) against goodwill and related intangible asset (note 21) respectively.

#### 21 INTANGIBLE ASSET

|  | HK\$'00 |
|--|---------|
| For the six months ended 30 June 2011    |         |
| At 1 January 2011                        | 11,21   |
| Amortisation (note 9)                    | (80)    |
| At 30 June 2011 (unaudited)              | 10,41   |
| For the twelve months ended 30 June 2012 |         |
| At 1 July 2011 (unaudited)               | 10,410  |
| Amortisation (note 9)                    | (1,60)  |
| Impairment loss (note 12)                | (5,22   |
| At 30 June 2012                          | 3,59    |
| At 30 June 2012                          |         |
| Cost                                     | 102,95  |
| Accumulated amortisation and impairment  | (99,36) |
|  | 3,59    |
| For the twelve months ended 30 June 2013 |         |
| At 1 July 2012                           | 3,59.   |
| Amortisation (note 9)                    | (71     |
| Impairment loss (note 12)                | (2,87   |
| At 30 June 2013                          | -       |
| At 30 June 2013                          |         |
| Cost                                     | 102,95  |
| Accumulated amortisation and impairment  | (102,95 |

The intangible asset represents the customer base of an operating segment – transportation services arising from the acquisition of Perryville Group Limited, a wholly-owned subsidiary of the Company in October 2007. The intangible asset of Perryville Group Limited and its subsidiaries (together, the "Perryville Group") has a definite useful life and is amortised on a straight-line basis over its expected useful life of 10 years.

According to the value in use calculations of the CGU as detailed in note 20, the recoverable amount of this CGU is below its carrying amount as at 30 June 2013. Hence, impairment losses of approximately HK\$784,000 (Twelve months and eighteen months ended 30 June 2012: HK\$10,621,000) and HK\$2,873,000 (Twelve months and eighteen months ended 30 June 2012: HK\$5,222,000) were recognised against goodwill (note 20) and intangible asset respectively.

#### 22 INVENTORIES

|                                 | 2013<br>HK\$'000 | 2012<br>HK\$'000 |
|---------------------------------|------------------|------------------|
| Raw materials                   | 4,875            | 6,764            |
| Work in progress                | 2,220            | 4,087            |
| Finished goods                  | 1,391            | 3,771            |
| Less: provision for inventories | (1,200)          | (1,413)          |
|                                 | 7,286            | 13,209           |

#### 23 TRADE RECEIVABLES

|                                    | 2013<br>HK\$'000 | 2012<br>HK\$'000 |
|------------------------------------|------------------|------------------|
| Trade receivables                  | 21,907           | 23,356           |
| Less: allowance for doubtful debts | (537)            | (373)            |
| Trade receivables — net            | 21,370           | 22,983           |

The Group's credit terms granted to customers of transportation services range between 60 days and 90 days. Sales from mining operation in the PRC are made under contractual arrangement whereby provisional payment is received within 30 to 90 days from delivery date. Before accepting any new customers, the Group will review the potential customer's credit quality and approve its credit limits. Credit limits attributed to customers are reviewed regularly.

The ageing analysis of the trade receivables, based on the invoice date at respective balance sheet dates are as follows:

|              | 2013<br>HK\$'000 | 2012<br>HK\$'000 |
|--------------|------------------|------------------|
| 0 — 30 days  | 8,517            | 11,335           |
| 31 — 60 days | 6,611            | 7,652            |
| 61 — 90 days | 3,195            | 2,699            |
| Over 90 days | 3,584            | 1,670            |
|              | 21,907           | 23,356           |

As at 30 June 2013, the Group's trade receivables of HK\$6,242,000 (2012: HK\$3,769,000) were past due but not impaired. The directors considered that these relate to a number of customers for whom there is no recent history of default. The Group does not hold any collateral over these balances.

The ageing analysis of the trade receivables which are past due but not impaired is as follows:

|              | 2013<br>HK\$'000 | 2012<br>HK\$1000 |
|--------------|------------------|------------------|
| 61 — 90 days | 3,195            | 2,592            |
| Over 90 days | 3,047            | 1,177            |
|              | 6,242            | 3,769            |

Movements on the Group's allowance for doubtful debts are as follows:

|  | HK\$'000 |
|--|----------|
| At 1 January 2011, 1 July 2011 (unaudited) and at 30 June 2012 | 373      |
| Provision for doubtful debts                                   | 164      |
| At 30 June 2013  | 537      |

# 23 TRADE RECEIVABLES (Continued)

The carrying amounts of the Group's trade receivables (net of allowance for doubtful debts) are denominated in the following currencies:

|                  | 2013<br>HK\$'000 | 2012<br>HK\$'000 |
|------------------|------------------|------------------|
| Hong Kong dollar | 15,496           | 14,209           |
| Renminbi         | 5,874            | 8,774            |
|                  | 21,370           | 22,983           |

### 24 RESTRICTED CASH

As at 30 June 2012, the Group has a restricted cash balance of HK\$5,200,000 held in specific bank account as security for a banking facility. During the year, restricted cash balance of HK\$5,200,000 has been released to cash and cash equivalents resulting from the settlement of a bank borrowing.

### 25 CASH AND CASH EQUIVALENTS — THE GROUP AND THE COMPANY

The balances of cash and cash equivalents are denominated in the following currencies:

|                      | The Group        |                  |  |
|----------------------|------------------|------------------|--|
|                      | 2013<br>HK\$'000 | 2012<br>HK\$'000 |  |
| Hong Kong dollar     | 10,874           | 5,638            |  |
| Australian dollar    | 183,532          | 287,726          |  |
| Renminbi             | 3,720            | 4,184            |  |
| United States dollar | 55,621           | 38,847           |  |
|                      | 253,747          | 336,395          |  |

|                      | The Company      |                  |  |
|----------------------|------------------|------------------|--|
|                      | 2013<br>HK\$'000 | 2012<br>HK\$'000 |  |
| Hong Kong dollar     | 2,719            | 3,191            |  |
| Australian dollar    | 5,157            | 10,933           |  |
| United States dollar | 55,621           | 37,092           |  |
|                      | 63,497           | 51,216           |  |

Included in the bank balances and cash on the consolidated balance sheets were amounts denominated in RMB of approximately HK\$3,720,000 (2012: HK\$4,184,000), which are not freely convertible into other currencies. There is no concentration of credit risk with respect to the bank balances, as the Group and the Company have placed deposits with a number of financial institutions.

#### **26 TRADE PAYABLES**

Trade payables of the Group principally represent amounts outstanding for direct costs. The normal credit period taken for direct costs is between 30 days and 90 days. In certain circumstances, the credit period has been extended to over 90 days. The following is an ageing analysis of trade payables of the Group at the balance sheet date:

|              | 2013<br>HK\$'000 | 2012<br>HK\$'000 |
|--------------|------------------|------------------|
| 0 — 30 days  | 7,431            | 9,077            |
| 31 — 60 days | 1,977            | 2,045            |
| 61 — 90 days | 1,919            | 1,279            |
| Over 90 days | 2,834            | 1,732            |
|              | 14,161           | 14,133           |

#### 27 OTHER PAYABLES AND OTHER ACCRUED CHARGES

|                         | 2013<br>HK\$'000 | 2012<br>HK\$'000 |
|-------------------------|------------------|------------------|
| Provisions              | 16,129           | 16,293           |
| Acquisition liabilities | 92,080           | 102,890          |
| Other payables          | 50,774           | 57,831           |
| Accruals                | 14,647           | 16,906           |
|                         | 173,630          | 193,920          |

### 28 BANK BORROWINGS

|  | 2013<br>HK\$'000 | 2012<br>HK\$'000 |
|--|------------------|------------------|
| Current:   |                  |                  |
| Bank borrowings, wholly repayable within 5 years | 10,781           | 26,671           |

All of the bank borrowings are denominated in Hong Kong dollar.

As at 30 June 2013, guarantees have been given to a bank by the Company and Perryville Group's former shareholder's related company in respect of banking facilities extended to the Perryville Group amounting to approximately HK\$75,200,000 and HK\$20,200,000 respectively (2012: HK\$75,200,000 and HK\$38,000,000 respectively). Such facilities were drawn down by Perryville Group to the extent of HK\$10,781,000 (2012: HK\$21,271,000). HK\$6,781,000 of such amount was also secured by motor vehicles as disclosed in note 38.

As at 30 June 2013, no bank borrowing (2012: HK\$5,400,000) was secured by bank deposit.

The bank borrowings carry interest at prevailing market interest rates in Hong Kong. The range of effective interest rates (which are equal to contractual interest rates) on the Group's bank borrowings is as follows:

|                               | 2013           | 2012           |
|-------------------------------|----------------|----------------|
| Variable rate bank borrowings | 1.96% to 3.55% | 1.95% to 3.61% |

# 29 OBLIGATIONS UNDER FINANCE LEASES

The Group leases certain of its motor vehicles under finance leases. The lease term ranges from 3 to 4 years. Interest rates underlying all obligations under finance leases are fixed and the interest rate is 2.77% per annum (2012: 2.53% per annum). No arrangements have been entered into for contingent rental payments.

|  | Minimum lease payments |                  | Present minimum lea     |                  |
|--|------------------------|------------------|-------------------------|------------------|
|  | 2013<br>HK\$'000       | 2012<br>HK\$'000 | <b>2013</b><br>нк\$'000 | 2012<br>HK\$'000 |
| Within 1 year  | 7,378                  | 6,267            | 6,820                   | 5,555            |
| Between 1 and 2 years  | 5,562                  | 5,696            | 5,326                   | 5,284            |
| Between 2 and 5 years  | 2,332                  | 5,765            | 2,289                   | 5,574            |
|  | 15,272                 | 17,728           | 14,435                  | 16,413           |
| Less: finance charges  | (837)                  | (1,315)          | _                       | _                |
| Present value of lease obligations   | 14,435                 | 16,413           | 14,435                  | 16,413           |
| Less: amount due for settlement within 12 months (shown under current liabilities) |                        |                  | (6,820)                 | (5,555)          |
| Amount due for settlement after 12 months  |                        |                  | 7,615                   | 10,858           |

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

# 30 SHARE CAPITAL — THE GROUP AND THE COMPANY

|   | Number of shares | Share capital |
|---|------------------|---------------|
|   | '000             | HK\$'000      |
| Ordinary shares of HK\$0.1 each   |                  |               |
| Authorised:   |                  |               |
| At 1 January 2011, 30 June 2012 and 30 June 2013  | 10,000,000       | 1,000,000     |
| Issued and fully paid:  |                  |               |
| At 1 January 2011   | 3,922,435        | 392,244       |
| Issue of shares in consideration for the acquisition of a subsidiary (note a)                                 | 1,432,981        | 143,298       |
| At 30 June 2011 (unaudited)   | 5,355,416        | 535,542       |
| Issue of shares as consideration of advisory fee (note b)   | 3,863            | 386           |
| Placing of new shares (note c)  | 555,100          | 55,510        |
| Issue of shares in consideration for the acquisition of additional interests in a subsidiary (note d)         | 1,119,860        | 111,986       |
| Issue of shares in consideration for the acquisition of options of Brockman Mining Australia Pty Ltd (note e) | 10,800           | 1,080         |
| Conversion of convertible bonds (note f)  | 130,000          | 13,000        |
| At 30 June 2012   | 7,175,039        | 717,504       |
| At 1 July 2012  | 7,175,039        | 717,504       |
| Issue of shares in consideration for the acquisition of additional interests in a subsidiary (note g)         | 49,055           | 4,906         |
| Issue of shares in settlement of a fixed rate bond (note h)   | 190,244          | 19,024        |
| Conversion of convertible bonds (note i)  | 480,144          | 48,014        |
| As at 30 June 2013  | 7,894,482        | 789,448       |

# 30 SHARE CAPITAL (Continued)

Note:

- (a) On 16 June 2011, the Group completed the acquisition of an additional 32.99% equity interest in BMA by allotment and issue of 1,432,980,840 ordinary shares as consideration for the acquisition. The share issued ranked pari passu with the existing shares in issue in all respects.
- (b) On 6 July 2011, the Company issued a total of 3,863,078 ordinary shares at the issue price of A\$0.20 per share (approximately HK\$1.66 per share) to settle part of the advisory fee payable to Capital Investment Partners Pty Ltd, the Company's financial and corporate adviser in Australia. The new shares rank pari passu in all respects with the then existing shares.
- (c) Pursuant to a subscription agreement executed on 12 December 2011, a total of 555,100,000 ordinary shares were issued at an issue price of HK\$0.60 per share, raising net proceeds of approximately HK\$333 million. The new shares rank pari passu in all respects with the then existing shares.
- (d) A total of 1,119,860,000 ordinary shares were issued during the period from March 2012 to June 2012 upon acquisition of additional 42.79% equity interests in BMA. The new shares rank pari passu in all respects with the then existing shares.
- (e) On 8 May 2012, the Company agreed to subscribe 600,000 options of BMA by allotment and issue of 10,800,000 ordinary shares. The new shares rank pari passu in respect of the then existing shares.
- (f) On 26 June 2012, convertible bonds in aggregate principal amount of HK\$78,000,000 were converted into ordinary shares of the Company at the conversion price of HK\$0.60 per share. Accordingly, a total of approximately 130,000,000 ordinary shares were issued. The new shares rank pari passu in respect of the then existing shares.
- (g) On 3 August 2012, a total of 49,054,662 ordinary shares of the Company have been issued as consideration for the Compulsory Acquisition (note 39). The ordinary shares issued have the same rights as the other shares in issue. The new shares rank pari passu in respect of the then existing shares.
- (h) On 9 January 2013, the Company redeemed a fixed rate bond in full by issuing a total of 190,243,902 ordinary shares at the issue price of HK\$0.41 per share. The new shares rank pari passu in respect of the then existing shares.
- (i) On 19 February 2013, all outstanding convertible bonds of the Company have been converted into ordinary shares and a total of 480,143,902 shares were issued (note 31). The new shares rank pari passu in respect of the then existing shares.

### 31 CONVERTIBLE BONDS — THE GROUP AND THE COMPANY

The movement of the liability component of convertible bonds recognised in the balance sheets is set out below:

| Convertible bond  |          |          |     |                   |
|---|----------|----------|-----|-------------------|
|   | (a)      | (b)      | (c) | Total<br>HK\$'000 |
| At 1 January 2011 and 30 June 2011 (unaudited)  | _        | _        | _   | _                 |
| Initial recognition of convertible bond of HK\$173,940,000                                    | 154,055  | _        | _   | 154,055           |
| Initial recognition of convertible bond of HK\$78,000,000                                     | _        | 63,421   | _   | 63,421            |
| Interest expenses (note 13)   | 8,065    | 1,510    | _   | 9,575             |
| Conversion of a convertible bond  | (72,650) | _        | _   | (72,650)          |
| At 30 June 2012   | 89,470   | 64,931   | _   | 154,401           |
| Initial recognition of convertible bond of HK\$78,000,000 for redemption of a fixed rate bond | _        | _        | _   | _                 |
| Interest expenses (note 13)   | 6,407    | 4,975    | _   | 11,382            |
| Conversion of convertible bonds   | (95,877) | (69,906) | _   | (165,783)         |
| At 30 June 2013   | -        | _        | _   | _                 |

## 31 CONVERTIBLE BONDS — THE GROUP AND THE COMPANY (Continued)

Note:

(a) On 10 January 2012, the Company issued a convertible bond with principal amount of HK\$173,940,000, which is convertible into fully paid ordinary shares of the Company.

The convertible bond entitles the holder to convert them, in whole or in part, into ordinary shares of the Company at any time between the date of issue of the convertible bond and its maturity on 10 January 2014 at a conversion price of HK\$0.60 per share subject to the condition that the aggregate interests of the bond holder and its associate shall not be more than 14.9% of the then enlarged issued share capital of the Company.

The convertible bond comprises two components, liability and equity components. The fair value of the liability component included in non-current liabilities was calculated using the effective interest method. The residual amount, representing the value of the conversion option, is included in shareholders' equity in the convertible bonds reserve.

On 26 June 2012 and 19 February 2013, HK\$78,000,000 and HK\$95,940,000 of the convertible bonds were converted into 130,000,000 and 159,900,000 fully paid ordinary shares of the Company respectively.

(b) On 19 April 2012, the Company issued a convertible bond with principal amount of HK\$78,000,000, which is convertible into fully paid ordinary shares of the Company.

The convertible bond entitles the holder to convert them, in whole or in part, into ordinary shares of the Company at any time between the date of issue of the convertible bond and its maturity on 19 April 2015 at a conversion price of HK\$0.60 per share subject to the condition that (i) the aggregate interests of the bond holder and its associate shall not be more than 14.9% of the then enlarged issued share capital of the Company and (ii) the convertible bond issued on 10 January 2013 is fully converted by the bond holder. If the convertible bond has not been converted, it will be redeemed on 19 April 2015. No interest will be paid until the maturity date. Bond holder has no right to require the Company to redeem the whole or part of the convertible bond prior to 19 April 2015.

The convertible bond comprises two components, liability and equity components. The fair value of the liability component included in non-current liabilities was calculated using the effective interest method. The residual amount, representing the value of the conversion option, is included in shareholders' equity in the convertible bonds reserve.

On 19 February 2013, the entire balance of this convertible bond was converted into 130,000,000 fully paid ordinary shares of the Company.

(c) On 9 January 2013, the Company issued a convertible bond of principal amount of HK\$78,000,000 with conversion price of HK\$0.41 per share, as the consideration for the redemption of an outstanding fixed rate bond of the Company.

The convertible bond comprises two components, liability and equity components. The fair value of the liability component included in non-current liabilities was calculated using the effective interest method. The residual amount, representing the value of the conversion option, is included in shareholders' equity in the convertible bonds reserve.

At issue date, the fair value of this convertible bond was determined by an external valuer of approximately HK\$84,659,000 and the carrying amount of the fixed rate bond being redeemed was HK\$78,000,000. The loss on redemption amounting to HK\$6,659,000 is recognised in the statement of comprehensive income for the year. The fair value of the liability component and equity component of this convertible bond at the issue date, as determined by an external valuer, were nil and HK\$84,659,000 respectively.

On 19 February 2013, the entire balance of this convertible bond was converted into 190,243,902 fully paid ordinary shares of the Company.

#### 32 FIXED RATE BONDS

|  | HK\$'000 |
|--|----------|
| At 1 January 2011, 1 July 2011 (unaudited) and 1 July 2012 | _        |
| Issuance of fixed rate bonds (note a)                      | 156,000  |
| Redemption by way of:                                      |          |
| — issuance of ordinary shares (note 30)                    | (78,000) |
| — issuance of convertible bond (note b)                    | (78,000) |
| At 30 June 2013  | _        |

#### Note:

- (a) On 21 September 2012, the Company had issued fixed rate bonds of aggregate principal amount of HK\$156,000,000. Interest is payable on the date of redemption at the rate of 12% per annum of the outstanding principal amount, accruing from the date of issue of the bonds on daily basis. On 9 January 2013, the Company redeemed the fixed rate bonds in full by issuing a total of 190,243,902 ordinary shares at the issue price of HK\$0.41 per share and convertible bond of principal amount of HK\$78,000,000 with issue price of HK\$0.41 per share.
- (b) On 9 January 2013, the Company issued a convertible bond of principal amount of HK\$78,000,000 with conversion price of HK\$0.41 per share, as the consideration for the redemption of an outstanding fixed rate bond of the Company. The convertible bond comprises two components, liability and equity components. The fair value of the liability component included in non-current liabilities was calculated using the effective interest method. The residual amount, representing the value of the conversion option, is included in shareholders' equity in the convertible bonds reserve. The redemption is accounted for extinguishment of the fixed rate bond with carrying amount of HK\$78,000,000 by issuing a convertible bond with fair value of HK\$84,659,000. Loss on redemption amounting to HK\$6,659,000 is recognised in the statement of comprehensive income for the year. On 19 February 2013, the entire balance of this convertible bond was converted into 190,243,902 fully paid ordinary shares at HK\$0.41 per share.

### 33 SHARE OPTION SCHEME

#### Share option scheme of the Company

The 2012 share option scheme (the "Share Option Scheme") of the Company was adopted by the Company pursuant to the approval by shareholders at the Annual General Meeting on 13 November 2012. The purpose of the Share Option Scheme is to replace old share option scheme which has expired in August 2012 for the primary purpose of providing incentives or rewards to selected participants for their contribution to the Group. The Share Option Scheme is valid and effective for a period of ten years from the date of its adoption. Share options granted under the old share option scheme prior to its expiry shall continue to be valid and exercisable pursuant to its rule.

The total number of shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 10% of the shares of the Company on the adoption date of the Share Option Scheme unless prior approval from the Company's shareholders in general meeting has been obtained. The number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the shares in issue from time to time. The total number of shares in respect of which options may be granted to any eligible participant in any twelve-month period is not permitted to exceed 1% of the shares of the Company in issue at any point in time, unless prior approval from the Company's shareholders in general meeting has been obtained. Options granted to a substantial shareholder or an independent non-executive Director of the Company in excess of 0.1% of the Company's share in issue and with a value in excess of HK\$5 million must be approved in advance by the Company's shareholders in general meeting.

There is no general requirement that an option must be held to any minimum period before it can be exercised but the board of directors is empowered to impose at its discretion any such minimum period at the time of grant of any particular option. Options offered must be taken up not later than 28 days after the date of offer. A non-refundable remittance of HK\$1 is payable as consideration by the grantee upon acceptance of every grant of option under the Share Option Scheme. The period during which an option may be exercised will be determined by the board of directors at its absolute discretion, save that such period of time shall not exceed a period of ten years commencing on the date which the option is granted. The exercise price is determined by the board of directors of the Company, and will not be less than the highest of (i) the closing price of the shares of the SEHK's daily quotation sheet on the date of offer (ii) the average closing price of the shares of the SEHK's daily quotation sheet for the five business days immediately preceding the date of offer and (iii) the nominal value of a share of the Company.

The fair value of the employee services and consultancy services received in exchange for the grant of the share options is recognised as an expense, with a corresponding adjustment to employee share-based compensation reserve, over the vesting period. At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.





# 33

SHARE OPTION SCHEME (Continued)
Share option scheme of the Company (Continued)
Details of specific categories of options are as follows:

| Option<br>type | Date of grant                  | Vesting period                                      | Number of<br>share options<br>granted | Exercise period  | Exercise price (HK\$) |
|----------------|--------------------------------|---|---------------------------------------|--|-----------------------|
| 2010A          | 18 January 2010                | 18 January 2010 —<br>17 January 2011                | 4,500,000                             | 18 January 2011 —<br>17 January 2014                   | 1.164                 |
|                | 18 January 2010                | 18 January 2010 —<br>17 January 2012                | 2,250,000                             | 18 January 2012 —<br>17 January 2014                   | 1.164                 |
|                | 18 January 2010                | 18 January 2010 —<br>17 January 2013                | 2,250,000                             | 18 January 2013 —<br>17 January 2014                   | 1.164                 |
| 2010B          | 11 February 2010               | 11 February 2010 —<br>10 February 2011              | 27,000,000                            | 11 February 2011 —<br>10 February 2014                 | 1.240                 |
| 2010C          | 11 November 2010               | Immediate   | 39,000,000                            | 11 November 2010 —<br>10 November 2013                 | 2.000                 |
| 2011A          | 14 December 2011               | 14 December 2011 —<br>13 December 2012              | 50,000,000                            | 14 December 2012 —<br>13 December 2014                 | 0.720                 |
| 2011B          | 14 December 2011               | 14 December 2011 —<br>13 December 2014              | 1,000,000                             | 14 December 2014 —<br>13 December 2015                 | 0.720                 |
|                | 14 December 2011               | 14 December 2011 —<br>13 December 2013              | 1,000,000                             | 14 December 2013 —<br>13 December 2015                 | 0.720                 |
|                | 14 December 2011               | 14 December 2011 —<br>13 December 2012              | 3,000,000                             | 14 December 2012 —<br>13 December 2015                 | 0.720                 |
| 00104          | 14 December 2011               | Immediate   | 2,000,000                             | 14 December 2011 —<br>13 December 2015                 | 0.720                 |
| 2012A          | 28 March 2012                  | 28 March 2012 —<br>27 March 2015                    | 5,000,000                             | 28 March 2015 —<br>13 December 2015                    | 0.720<br>0.720        |
|                | 28 March 2012<br>28 March 2012 | 28 March 2012 —<br>27 March 2014<br>28 March 2012 — | 5,000,000                             | 28 March 2014 —<br>13 December 2015<br>28 March 2013 — | 0.720                 |
|                | 28 March 2012                  | 27 March 2012 —<br>27 March 2013<br>Immediate       | 29,000,000                            | 13 December 2015<br>28 March 2012 —                    | 0.720                 |
| 2013A          | 14 January 2013                | 14 January 2013 —                                   | 88,100,000                            | 13 December 2015<br>14 January 2014 —                  | 0.720                 |
| 2013A          | 14 January 2013                | 13 January 2014<br>14 January 2013 —                | 88,100,000                            | 14 January 2016<br>14 January 2015 —                   | 0.717                 |
| 2013B          | 28 February 2013               | 13 January 2015<br>28 February 2013 —               | 3,750,000                             | 14 January 2016<br>28 February 2014 —                  | 0.717                 |
| 20100          | 28 February 2013               | 27 February 2014<br>28 February 2013 —              | 3,750,000                             | 28 February 2016<br>28 February 2015 —                 | 0.967                 |
| 2013C          | 20 May 2013                    | 27 February 2015<br>20 May 2013 —                   | 77,350,000                            | 28 February 2016<br>20 May 2014 —                      | 0.717                 |
| 20100          | 20 May 2013                    | 19 May 2014<br>20 May 2013 —                        | 77,350,000                            | 20 May 2014 —<br>20 May 2016<br>20 May 2015 —          | 0.717                 |
|                | 20 May 2013                    | 19 May 2015   | 77,330,000                            | 20 May 2016  | 0.707                 |

# 33 SHARE OPTION SCHEME (Continued)

Share option scheme of the Company (Continued)

Movements in the number of share options outstanding are as follows:

|                        | Option type | Outstanding<br>as at<br>1 July 2012 | Granted<br>during<br>the year | Reclassified<br>during<br>the year<br>(note) | Lapsed<br>during<br>the year | Outstanding<br>as at<br>30 June 2013 |
|------------------------|-------------|-------------------------------------|-------------------------------|--|------------------------------|--------------------------------------|
| Directors              |             |                                     |                               |  |                              |                                      |
| Luk Kin Peter Joseph   | 2010C       | 39,000,000                          | _                             | _  | _                            | 39,000,000                           |
|                        | 2012A       | 50,000,000                          | _                             | _  | _                            | 50,000,000                           |
| Chu Chung Yue, Howard  | 2012A       | 20,000,000                          | _                             | (20,000,000)                                 | _                            | _                                    |
| Chan Kam Kwan, Jason   | 2010A       | 1,500,000                           | _                             | _  | _                            | 1,500,000                            |
|                        | 2012A       | 5,000,000                           | _                             | _  | _                            | 5,000,000                            |
|                        | 2013C       | _                                   | 7,200,000                     | _  | _                            | 7,200,000                            |
| Lau Kwok Kuen, Eddie   | 2010A       | 1,000,000                           | _                             | _  | _                            | 1,000,000                            |
|                        | 2012A       | 1,000,000                           | _                             | _  | _                            | 1,000,000                            |
|                        | 2013C       | _                                   | 1,500,000                     | _  | _                            | 1,500,000                            |
| Uwe Henke Von Parpart  | 2010A       | 1,000,000                           | _                             | _  | _                            | 1,000,000                            |
|                        | 2012A       | 1,000,000                           | _                             | _  | _                            | 1,000,000                            |
|                        | 2013C       | _                                   | 1,500,000                     | _  | _                            | 1,500,000                            |
| Yip Kwok Cheung, Danny | 2010A       | 1,000,000                           | _                             | _  | _                            | 1,000,000                            |
|                        | 2012A       | 1,000,000                           | _                             | _  | _                            | 1,000,000                            |
|                        | 2013C       | _                                   | 1,500,000                     | _  | _                            | 1,500,000                            |
| Kwai Sze Hoi           | 2013C       | _                                   | 70,000,000                    | _  | _                            | 70,000,000                           |
| Liu Zhengui            | 2013C       | _                                   | 30,000,000                    | _  | _                            | 30,000,000                           |
| Warren Talbot Beckwith | 2013C       | _                                   | 20,000,000                    | _  | _                            | 20,000,000                           |
| Ross Stewart Norgard   | 2013C       | _                                   | 1,500,000                     | _  | _                            | 1,500,000                            |
| David Michael Spratt   | 2013C       | _                                   | 1,500,000                     | _  | _                            | 1,500,000                            |
| Sub-total              |             | 121,500,000                         | 134,700,000                   | [20,000,000]                                 |                              | 236,200,000                          |
| Employees              | 2010A       | 4,000,000                           | _                             | _  | (1,000,000)                  | 3,000,000                            |
|                        | 2011A       | 50,000,000                          | _                             | _  | (50,000,000)                 | _                                    |
|                        | 2011B       | 7,000,000                           | _                             | _  | (1,600,000)                  | 5,400,000                            |
|                        | 2013A       | _                                   | 176,200,000                   | _  | _                            | 176,200,000                          |
|                        | 2013B       | _                                   | 7,500,000                     | _  | _                            | 7,500,000                            |
|                        | 2013C       | _                                   | 15,000,000                    | _  | _                            | 15,000,000                           |
| Sub-total              |             | 61,000,000                          | 198,700,000                   |  | (52,600,000)                 | 207,100,000                          |
| Consultants            | 2010B       | 27,000,000                          | _                             | _  | _                            | 27,000,000                           |
|                        | 2012A       | _                                   | _                             | 20,000,000                                   | _                            | 20,000,000                           |
|                        | 2013C       | _                                   | 5,000,000                     | _  | _                            | 5,000,000                            |
| Sub-total              |             | 27,000,000                          | 5,000,000                     | 20,000,000                                   | _                            | 52,000,000                           |
| Total                  |             | 209,500,000                         | 338,400,000                   |  | (52,600,000)                 | 495,300,000                          |

#### Note:

Mr. Chu Chung Yue, Howard has resigned as an Executive Director of the Company on 1 April 2013. Since 1 April 2013, Mr. Chu continues to be employed as a consultant of the Company. The board offered continuous entitlement to Mr. Chu for the previous 20,000,000 share options which were reclassified to options for consultants.



# 33 SHARE OPTION SCHEME (Continued)

Share option scheme of the Company (Continued)

The fair values of the 2010A, 2010B, 2010C, 2012A, 2012B, and 2013A share options were calculated using the Binomial model prepared by an independent valuer. The inputs into the model were as follows:

|                         | 2010A     | 2010B    | 2010C    | 2011A    | 2011B    | 2012A    | 2013A      | 2013B      | 2013C      |
|-------------------------|-----------|----------|----------|----------|----------|----------|------------|------------|------------|
| Exercise price          | HK\$1.164 | HK\$1.24 | HK\$2.00 | HK\$0.72 | HK\$0.72 | HK\$0.72 | HK\$0.717- | HK\$0.717- | HK\$0.717- |
|                         |           |          |          |          |          |          | HK\$0.967  | HK\$0.967  | HK\$0.967  |
| Volatility              | 83%       | 82%      | 55%      | 50%      | 55%      | 49%      | 57%        | 56%        | 56%        |
| Expected option life    | 4 years   | 4 years  | 3 years  | 3 years  | 4 years  | 4 years  | 3 years    | 3 years    | 3 years    |
| Annual risk-free rate   | 1.46%     | 1.502%   | 0.570%   | 0.464%   | 0.649%   | 0.396%   | 0.170%     | 0.273%     | 0.247%     |
| Expected Dividend yield | 0%        | 0%       | 0%       | 0%       | 0%       | 0%       | 0%         | 0%         | 0%         |

For the twelve months ended 30 June 2013, the Company recognised the total expense of HK\$7,329,000 (Twelve months ended 30 June 2012: HK\$14,791,000 and eighteen months ended 30 June 2012: HK\$17,498,000) in relation to the share options granted by the Company.

# 34 DEFERRED INCOME TAX

The following is the major deferred income tax assets/(liabilities) recognised by the Group and movements thereon during the current and prior year/period:

| At 30 June 2013   | _                      | (2,975)                               | _  | _                               | (893,087)  | (896,062)        |
|---|------------------------|---------------------------------------|--|---------------------------------|--|------------------|
| Exchange differences  | _                      | (8)                                   | _  | _                               | 104,865  | 104,857          |
| Credited to consolidated statement of comprehensive income for the year   | _                      | 123                                   | _  | 593                             | _  | 716              |
| At 30 June 2012   | _                      | (3,090)                               | _  | (593)                           | (997,952)  | (1,001,635)      |
| Exchange differences  | _                      | (3)                                   | 217  | _                               | 96,519   | 96,733           |
| Credited directly to equity   | _                      | _                                     | 3,808  | _                               | _  | 3,808            |
| Credited to consolidated statement of comprehensive income for the period | _                      | 331                                   | _  | 1,126                           | 717,538  | 718,995          |
| At 1 July 2011 (unaudited)  | _                      | (3,418)                               | (4,025)  | (1,719)                         | (1,812,009)                                      | (1,821,171       |
| Exchange differences  | _                      | (5)                                   | (143)  | _                               | (25,490)   | (25,638          |
| Credited directly to equity   | _                      | _                                     | 214,084  | _                               | _  | 214,084          |
| Credited to consolidated statement of comprehensive income for the period | _                      | 269                                   | _  | 132                             | _  | 401              |
| Arising from acquisition of subsidiaries                                  | _                      | _                                     | _  | _                               | (1,786,519)                                      | (1,786,519       |
| At 1 January 2011   | _                      | (3,682)                               | (217,966)  | (1,851)                         | _  | (223,499         |
|   | Tax losses<br>HK\$'000 | Accelerated tax depreciation HK\$'000 | Fair value<br>gain on<br>available-for-<br>sale<br>investments<br>HK\$'000 | Intangible<br>asset<br>HK\$'000 | Mining<br>properties in<br>Australia<br>HK\$'000 | Tota<br>HK\$'000 |

### 34 **DEFERRED INCOME TAX** (Continued)

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets in respect of tax losses amounting to approximately HK\$1,063 million as at 30 June 2013 (2012: HK\$924 million). Tax losses of HK\$866 million (2012: HK\$813 million) relating to overseas subsidiaries are available indefinitely for offset against future taxable income subject to the satisfaction of the loss recoupment rules in respective tax jurisdiction. Tax losses of HK\$69 million (2012: HK\$58 million) will expire in one to five years from 30 June 2013.

The Australian subsidiaries of the Company are an income tax consolidated group and are taxed as a single entity. Brockman Mining Holdings (Australia) Pty Ltd ("BMH"), a wholly owned subsidiary of the Company, is the head company of the Australian tax consolidated group.

Following the acquisition of the remaining shares in BMA by the Company on 15 August 2012 as stated in note 39, BMA became a wholly-owned subsidiary of BMH. BMA and its wholly owned subsidiaries together, (the "BMA Group") have joined the tax consolidated group on 15 August 2012. The carry forward tax losses of approximately HK\$813 million incurred by BMA Group prior to 15 August 2012 have been included in the tax consolidated group. These carry forward tax losses have been included in the unrecognised tax losses as stated above.

In addition, as a consequence of forming a tax consolidated group. BMH is required to reset the tax bases of assets brought into the group. As at 30 June 2013, the directors of BMH are still in the process of assessing the value of these tax bases.

#### 35 PROVISIONS

|                             | HK\$'000 |
|-----------------------------|----------|
| At 1 January 2011           | 489      |
| Provision for the period    | 579      |
| Exchange differences        | 18       |
| At 30 June 2011 (unaudited) | 1,086    |
| Provision for the period    | 65       |
| Exchange differences        | (25)     |
| At 30 June 2012             | 1,126    |
| Provision for the year      | 1,059    |
| Exchange differences        | (63)     |
| At 30 June 2013             | 2,122    |

In accordance with relevant PRC rule and regulations, the Group is obliged to accrue the cost for land restoration for the existing mine starting from 2007. The provision for restoration cost represents the estimation of its liability for land restoration by the directors of the Company of HK\$521,000 at 30 June 2013 (2012: HK\$507,000).

# 36 CASH USED IN OPERATING ACTIVITIES

|   |      | Twelve months    | ended 30 June    | Eighteen months<br>ended 30 June |
|---|------|------------------|------------------|----------------------------------|
|   | Note | 2013<br>HK\$'000 | 2012<br>HK\$'000 | 2012<br>HK\$'000                 |
| Cash flows from operating activities  |      |                  |                  |                                  |
| Loss before income tax  |      | (476,064)        | (2,875,791)      | (2,417,397)                      |
| Adjustments for:  |      |                  |                  |                                  |
| Impairment losses   | 12   | 246,657          | 2,521,714        | 2,521,714                        |
| Finance costs   | 13   | 18,453           | 11,355           | 12,183                           |
| Depreciation of property, plant and equipment   | 19   | 23,024           | 21,678           | 31,005                           |
| Amortisation of intangible asset  | 9    | 719              | 1,602            | 2,403                            |
| Amortisation of mining properties   | 9    | 22,204           | 9,349            | 13,671                           |
| Share-based compensation  |      | 7,329            | 14,791           | 17,498                           |
| Gain on disposal of financial assets at fair value through profit or loss                         |      | _                | _                | (1,576)                          |
| Gain on disposal of available-for-sale investments  |      | _                | (4,921)          | (4,921)                          |
| Release of available-for-sale investments reserve upon disposal of available-for-sale investments |      | _                | (13,355)         | (13,355)                         |
| Release of available-for-sale investments reserve upon step acquisition                           |      | _                | _                | (513,243)                        |
| Write-off/provision for inventories   |      | 409              | 1,163            | 1,163                            |
| Provision for doubtful debts  |      | 164              | _                | _                                |
| Dividend income from available-for-<br>sale investments   |      | _                | (2,449)          | (2,449)                          |
| Interest income   |      | (11,495)         | (27,175)         | (28,730)                         |
| Loss on de-recognition of a fixed rate bond   |      | 6,659            | _                | _                                |
| Loss on disposal of property, plant and equipment   |      | 1,118            | 766              | 1,004                            |
| Exchange loss/(gain)  |      | 11,019           | 2,408            | (1,013)                          |
| Operating cash flows before movements in working capital  |      | (149,804)        | (338,865)        | (382,043)                        |
| Decrease/(increase) in inventories  |      | 4,211            | (70)             | (2,391)                          |
| Decrease/(increase) in trade and other receivables  |      | 7,949            | (105)            | 5,521                            |
| Increase/(decrease) in provisions   |      | 1,059            | 65               | (599)                            |
| (Decrease)/increase in trade and other payables   |      | (8,923)          | 13,819           | (12,144)                         |
| (Decrease)/increase in amounts due to related parties   |      | (12,223)         | (3,292)          | 4,265                            |
| Decrease/(increase) in amounts due from related parties   |      | 36               | (4)              | (124)                            |
| Cash used in operating activities   |      | (157,695)        | (328,452)        | (387,515)                        |

#### 37 COMMITMENTS AND CONTINGENCIES

#### (a) Operating lease commitments

(i) As at the balance sheet date, the Group had commitments mainly for future minimum lease payments under non-cancellable operating lease in respect of office premises, car parks, and counter in the Hong Kong International Airport which fall due as follows:

|   | 2013<br>HK\$'000 | 2012<br>HK\$'000 |
|---|------------------|------------------|
| Not later than 1 year                       | 12,429           | 14,630           |
| Later than 1 year and no later than 5 years | 14,464           | 24,292           |
|   | 26,893           | 38,922           |

Leases are negotiated for an average of four years and rentals are fixed for the lease period.

(ii) The Group had total future minimum sublease receivable under non-cancellable operating lease in respect of the warehouse and office as follows:

|  | 2013<br>HK\$'000 | 2012<br>HK\$'000 |
|--|------------------|------------------|
| Not later than one year                | 407              | _                |
| In the second to fifth year, inclusive | 256              | _                |
|  | 663              | _                |

#### (b) Capital commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

|   | 2013<br>HK\$'000 | 2012<br>HK\$'000 |
|---|------------------|------------------|
| Property, plant and equipment contracted but not provided for | 430              | 6,576            |

# (c) Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements in Australia, the Group is required to perform minimum exploration work to meet the minimum expenditure of A\$2,180,000 (equivalent to approximately HK\$15,444,000) (2012: A\$1,755,000, equivalent to approximately HK\$13,890,000) over the next year.

Exploration expenditure commitments for subsequent years are contingent upon future exploration results. Obligations are subject to change upon expiry of the exploration leases or when application for a mining lease is made and have not been provided for in the consolidated financial statements.

### **Sheffield Resources**

- (i) A supplementary payment of A\$0.10/tonne for all Joint Ore Reserves Committee ("JORC") compliant mineral resources defined by the Company on any or all of the acquired tenements, using a lower cut-off grade of 54% Fe. As detailed in Sheffield Resources Limited's ASX release of 1 December 2011, exploration on the tenements, by Sheffield Resources Limited, has identified exploration targets of 20-60 million tonnes grading 56-60% Fe.
- (ii) A royalty of 1% FOB of all iron ore produced from the tenements. In addition, a price participation royalty of 5% would be applicable for all revenues received over A\$120/tonne FOB (CPI indexed) for iron ore sales from the tenements. The payment of the two obligations is contingent on future exploration success from the acquisition of the Ophthalmia tenements.

#### (d) Joint venture commitments

The Group is involved in a number of joint venture arrangements. The Group's share of this commitment is A\$22,000 (equivalent to approximately HK\$158,000) (2012: A\$120,000, equivalent to approximately HK\$950,000).

# 37 COMMITMENTS AND CONTINGENCIES (Continued)

#### (e) Contingencies

#### Financial quarantee

During the year, the Company has given corporate guarantees to several banks in relation to banking facilities granted by those banks to certain wholly-owned subsidiaries. At 30 June 2013, such facilities were drawn by those wholly-owned subsidiaries to the extent of HK\$10,781,000 (2012: HK\$21,271,000) and the maximum liability of the Company under the guarantees was HK\$75,200,000 (2012: HK\$75,200,000).

#### Native title claims

Native title claims have been made with respect to areas which include tenements in which controlled entities of the Group have interests, and these controlled entities are unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect them or their projects.

# 38 PLEDGE OF ASSETS

At 30 June 2013, the Group pledged the motor vehicles with a carrying value of approximately HK\$5,166,000 (2012: HK\$8,950,000) to secure general banking facilities granted to a subsidiary of the Group.

At 30 June 2013, a subsidiary of the Company leases various motor vehicles with carrying value of approximately HK\$18,278,000 (2012: HK\$19,298,000) under the non-cancellable finance lease arrangements. The rights to the leased motor vehicles are reverted to the lessor in the event of default of lease liabilities.

At 30 June 2013, a subsidiary of the Company has entered into arrangements with its bank to provide guarantees to its lessor and the Department of Mines and Petroleum in Australia. The arrangements were supported by term deposits for the amounts of A\$444,000 (equivalent to approximately HK\$3,145,000) (2012: A\$372,000, equivalent to approximately HK\$2,944,000) which were considered as restricted cash and classified as non-current asset.

### 39 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On 16 June 2011, the Group acquired 55.33% equity interest in BMA. On 12 December 2011, the Company lodged another takeover offer to acquire the remaining 44.67% equity interest in BMA (the "Takeover Offer"). On 14 June 2012, the Takeover Offer was closed with the Group acquiring an additional 42.79% of the issued share capital of BMA bringing the total holding to 98.12% of the entire issued share capital in BMA. On 19 June 2012, the Group lodged with the Australian Securities and Investments Commission ("ASIC") a notice of compulsory acquisition of the remaining 1.88% BMA shares that it does not already own (the "Compulsory Acquisition"). The Compulsory Acquisition was completed on 15 August 2012.

For the purpose of financial reporting, the Group is deemed to have acquired the remaining 1.88% equity interest in BMA as of 30 June 2012 and therefore hold the entire issued share capital in BMA. The remaining 1.88% BMA shares were acquired in August 2012 at a consideration of HK\$58,939,000, including HK\$32,449,000 in cash and 49,054,662 ordinary shares of the Company at HK\$0.54 each, totaling HK\$26,490,000.

For the eighteen months ended 30 June 2012, this acquisition of additional interest in BMA has been accounted for as transaction with non-controlling interests as shown below:

|   | HK\$'000    |
|---|-------------|
| Carrying amount of non-controlling interests acquired                             | 1,952,699   |
| Consideration paid to non-controlling interests (note a)                          | (1,354,493) |
| Transaction costs related to transactions with non-controlling interests (note b) | (127,410)   |
| Excess over consideration paid recognised within equity                           | 470,796     |

#### Notes:

(a) The consideration for the acquisition of additional interests in BMA comprises the following:

|                               | HK\$'000  |
|-------------------------------|-----------|
| Consideration shares (note i) | 574,447   |
| Cash consideration (note ii)  | 780,046   |
| Total consideration           | 1,354,493 |

### 39 TRANSACTIONS WITH NON-CONTROLLING INTERESTS (Continued)

Notes: (Continued)

- (a) The consideration for the acquisition of additional interests in BMA comprises the following: (Continued)
  - (i) The fair value of the 1,179,714,924 ordinary shares issued by the Company has been determined using the closing share price of the Company as at the respective dates of acceptance under the Takeover Offer. The issue of shares represented a major non-cash transaction of the Company for the eighteen months ended 30 June 2012.
  - (ii) The fair value of the cash consideration was determined based on A\$1.5 per each share of BMA and translated into HK\$ using the exchange rate prevailing as at the respective dates of acceptance under the Takeover Offer.
- (b) The transaction costs included stamp duty, external legal fees and other professional fees.

The Group recognised a decrease in non-controlling interests of HK\$1,752,699,000 and an increase in equity attributable to owners of the Company of HK\$470,496,000. The effect of this acquisition of additional interest in BMA on the equity attributable to equity holders of the Company during the eighteen months ended 30 June 2012 is summarised as follows:

|  | HK\$'000    |
|--|-------------|
| Total comprehensive loss for the eighteen months ended 30 June 2012 attributable to equity holders of the Company                | (2,287,277) |
| Changes in equity attributable to equity holders of the Company arising from acquisition of additional interests in a subsidiary | 470,796     |
| Net effect for transactions with non-controlling interests on equity attributable to owners of the Company                       | (1,816,481) |

#### **40 JOINT VENTURES**

Details of the Group's interest in the joint ventures are as follows:

| Name of joint venture                      | Interest held in share of output | Principal activities            |
|--|----------------------------------|---------------------------------|
| North West Infrastructure Pty Ltd (note a) | 37%                              | Port and related infrastructure |
| Irwin-Coglia JV (note b)                   | 40%                              | Nickel exploration              |

### Notes:

- (a) North West Infrastructure Pty Ltd is a jointly controlled entity incorporated in Australia which is seeking to develop port and related infrastructure on behalf of the North West Iron Ore Alliance ("NWIOA") members. All contributions to the NWIOA are expensed as incurred as part of exploration and evaluation expenditure.
- (b) Irwin-Coglia is an unincorporated joint venture operating in Australia for the purpose of exploration activities and holding of tenement interests.

Summary financial information on joint ventures — Group's effective interest:

|                         | 2013<br>HK\$'000 | 2012<br>HK\$'000 |
|-------------------------|------------------|------------------|
| Non-current assets      | 166              | 264              |
| Current assets          | 1,344            | 4,079            |
| Non-current liabilities | _                | _                |
| Current liabilities     | (1,021)          | (2,467)          |
| Net assets              | 489              | 1,876            |

|                          | Twelve months    | Eighteen months<br>ended 30 June |                  |
|--------------------------|------------------|----------------------------------|------------------|
|                          | 2013<br>HK\$'000 | 2012<br>HK\$'000                 | 2012<br>HK\$'000 |
| Income                   | 63               | 169                              | 174              |
| Expenses                 | (13,297)         | (33,805)                         | (34,213)         |
| Loss for the year/period | (13,234)         | (33,636)                         | (34,039)         |

#### 41 RETIREMENT BENEFITS SCHEME

The Group operates a defined contribution retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for its employees in Hong Kong. The Group contributes 5% of the employees' basic salaries to the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund.

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefits scheme operated by the PRC government. The PRC subsidiaries are required to contribute an average 23% of payroll costs to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The employees of the Group subsidiaries in Australia are entitled to superannuation through a defined contribution plans under which fixed contributions of up to 9% (9.25% from 1 July 2013) are required to be made to a superannuation fund with no further legal or constructive obligation to pay.

The total cost charged to the consolidated statement of comprehensive income of approximately HK\$5,889,000 (Twelve months ended 30 June 2012: HK\$7,008,000 and eighteen months ended 30 June 2012: HK\$7,725,000) represents contributions to these schemes by the Group in respect of the current year.

#### 42 RELATED PARTY DISCLOSURES

#### (a) Material related party transactions

Save as disclosed elsewhere in these consolidated financial statements, the Group has the following related party transactions during the year/period:

|   | Twelve months    | Eighteen months<br>ended 30 June |                  |
|---|------------------|----------------------------------|------------------|
|   | 2013<br>HK\$'000 | 2012<br>HK\$'000                 | 2012<br>HK\$'000 |
| Administrative expenses paid to related companies (note i)        | 366              | 952                              | 982              |
| Consultancy fees paid to related parties (note ii)                | 102              | 1,009                            | 1,009            |
| Assets purchased from related companies                           | 62               | _                                | _                |
| Motor vehicle purchased from a related company (note iii)         | _                | 2,400                            | 2,400            |
| Motor vehicle hiring charges paid to a related company (note iii) | _                | 400                              | 450              |
|   | 530              | 4,761                            | 4,841            |

#### Note:

- (i) Administrative expenses were paid to the companies in which Mr. Peter Luk, the executive director and chief executive officer of the Company, has beneficial interest.
- (ii) Consultancy fees were paid to the Brierley Family Trusts and Richard M Wright. Mr. Brierley, the beneficial owner of the Brierley Family Trusts, and Mr. Wright were the directors of a subsidiary of the Company.
- (iii) A motor vehicle was purchased from and motor vehicle hiring charges were paid to a company in which one of the key management personnel of the Group, has beneficial interest.

In the opinion of the directors of the Company, the above related party transactions were carried out in the normal course of business and at fair market terms mutually agreed between the Group and the respective related parties.

### (b) Related party balances

The amounts due from/to related parties included as current assets or current liabilities are unsecured, interest-free and repayable on demand. For the amount due to a related party classified as a non-current liability, it is unsecured, interest-free and is not repayable within the next year.

# 42 RELATED PARTY DISCLOSURES (Continued)

#### (c) Compensation of key management personnel

The remuneration of directors and other members of key management during the year/period were as follows:

|                              | Twelve months    | Eighteen months<br>ended 30 June |                  |
|------------------------------|------------------|----------------------------------|------------------|
|                              | 2013<br>HK\$'000 | 2012<br>HK\$'000                 | 2012<br>HK\$'000 |
| Short-term employee benefits | 39,325           | 45,771                           | 49,403           |
| Share-based compensation     | 12,088           | 13,208                           | 13,911           |
|                              | 51,413           | 58,979                           | 63,314           |

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

# 43 INTERESTS IN SUBSIDIARIES — THE COMPANY

|   | 2013<br>HK\$'000 | 2012<br>HK\$'000 |
|---|------------------|------------------|
| Investments in subsidiaries                                   |                  |                  |
| Unlisted shares, at cost                                      | 202,419          | 202,419          |
| Less: provision for impairment                                | (172,527)        | (138,384)        |
|   | 29,892           | 64,035           |
| Amounts due from subsidiaries                                 |                  |                  |
|   | 5,206,706        | 4,891,496        |
| Amounts due from subsidiaries                                 | 0,200,700        |                  |
| Amounts due from subsidiaries  Less: provision for impairment | (2,323,418)      | (1,523,599)      |
|   |                  | (1,523,599)      |
|   | (2,323,418)      | ` '              |

The amounts due from subsidiaries included under non-current portion are unsecured, interest-free and have no fixed terms of repayment, except for the amount due from a subsidiary of HK\$2,421,105,000 as at 30 June 2013 (2012: HK\$2,666,718,000) which bears interest at 4.6631% per annum. In the opinion of the directors of the Company, the balance of HK\$422,741,000 (2012: HK\$662,146,000) is considered as quasi-equity loan to the subsidiary.

The amounts due from subsidiaries included under current portion are unsecured, interest free and expected to be settled within one year.

Details of the principal subsidiaries held by the Company as at 30 June 2013, except otherwise specified, are as follows:

| Name of subsidiary                          | Country/place<br>of incorporation<br>or establishment | Place of operation | Issued and<br>fully paid share/<br>registered capital | Proportion owner<br>held b<br>the Comp<br>Directly | у .  | Principal activities         |
|---|---|--------------------|---|--|------|------------------------------|
| Perryville Group Limited                    | BVI   | Hong Kong          | US\$50,000  | 100%   | _    | Investment holding           |
| Parklane Limousine Service Limited (note a) | Hong Kong   | Hong Kong          | HK\$5,000,000   | _  | 100% | Limousine rental services    |
| Airport Shuttle Services Limited (note a)   | Hong Kong   | Hong Kong          | HK\$10,000  | _  | 100% | Airport shuttle bus services |
| Golden Genie Limited                        | BVI   | Hong Kong          | US\$1   | 100%   | _    | Investment holding           |
| Smart Year Investments Limited              | BVI   | Hong Kong          | US\$10,000  | _  | 100% | Investment holding           |

# 43 INTERESTS IN SUBSIDIARIES — THE COMPANY (Continued)

| Name of subsidiary  | Country/place<br>of incorporation<br>or establishment | Place of operation | Issued and<br>fully paid share/<br>registered capital | Proportion owne<br>held<br>the Com<br>Directly | by   | t<br>Principal activities                                     |
|---|---|--------------------|---|--|------|---|
| 綠春鑫泰礦業有限公司<br>Luchun Xingtai Mining Company Limited<br>(note b)   | PRC   | PRC                | RMB 20,000,000  | -  | 90%  | Exploitation, processing and sales of copper ore concentrates |
| Brockman Mining (Management) Limited<br>(Formerly known as Wah Nam<br>International (HK) Limited)             | Hong Kong   | Hong Kong          | HK\$1   | 100%   | _    | Investment holding  |
| Wah Nam Iron Ore Limited  | BVI   | Hong Kong          | US\$1   | 100%   | _    | Investment holding  |
| Brockman Mining Holding (Australia) Pty<br>Ltd (Formerly known as Wah Nam<br>International Australia Pty Ltd) | Australia   | Australia          | A\$12   | _  | 100% | Investment holding  |
| 廣州市百聯汽車租賃有限公司<br>Guangzhou Parklane Limousine Service Ltd<br>(note b) <sup>1</sup>                            | PRC   | PRC                | RMB5,000,000  |  | 100% | Limousine rental services                                     |
| 威信汽車租賃(上海)有限公司<br>Parklane Limousine Service (Shanghai) Ltd<br>(note b) <sup>1</sup>                          | PRC   | PRC                | U\$\$5,000,000  | -  | 100% | Limousine rental services                                     |
| Best Resources Developments Limited   | BVI   | Hong Kong          | US\$1   | _  | 100% | Investment holding  |
| Wah Nam Australia Finance<br>Pty Ltd  | Australia   | Australia          | A\$1,263,193  | _  | 100% | Investment holding  |
| Brockman Mining Australia Pty Ltd<br>(Formerly known as Brockman<br>Resources Limited)                        | Australia   | Australia          | A\$145,053,151  | -  | 100% | Investment holding  |
| Brockman Iron Pty Ltd   | Australia   | Australia          | A\$1  | _  | 100% | Exploration and evaluation                                    |
| Brockman Exploration<br>Pty Ltd   | Australia   | Australia          | A\$1  | _  | 100% | Exploration and evaluation                                    |
| Brockman Infrastructure<br>Pty Ltd  | Australia   | Australia          | A\$1  | _  | 100% | Rail infrastructure company                                   |
| Brockman Ports Pty Ltd  | Australia   | Australia          | A\$76   | _  | 100% | Port infrastructure company                                   |
| Brockman East Pty Ltd   | Australia   | Australia          | A\$1  | -  | 100% | Exploration and evaluation                                    |
| Yilgarn Mining (WA) Pty Ltd   | Australia   | Australia          | A\$841,001  | _  | 100% | Exploration and evaluation                                    |

#### Notes:

- (a) The subsidiaries have accounting year end date of 31 March. These subsidiaries prepare, for the purpose of consolidation, financial statements as at the same date as the Group.
- (b) The subsidiaries have accounting year end date of 31 December. These subsidiaries prepare, for the purpose of consolidation, financial statements as at the same date as the Group.

None of the subsidiaries had any debt securities outstanding at the end of the year or any time during the year.

In the opinion of the directors, a complete list of the particulars of subsidiaries will be of excessive length and therefore the above list contains only the particulars of those subsidiaries which principally affect the results or net assets of the Group.

The English name is for identification purpose only.

### 44 RESERVES — THE COMPANY

|   | Share<br>premium<br>HK\$'000 | Convertible<br>bonds reserve<br>HK\$'000 | Share-based<br>compensation<br>reserve<br>HK\$'000 | Accumulated<br>losses<br>HK\$'000 | Total<br>HK\$'000 |
|---|------------------------------|--|--|-----------------------------------|-------------------|
| At 1 January 2011   | 1,787,044                    | _  | 41,812   | (566,830)                         | 1,262,026         |
| Comprehensive income:   |                              |  |  |                                   |                   |
| Loss for the period   | _                            | _  | _  | (32,434)                          | (32,434)          |
| Transactions with equity holders:   |                              |  |  |                                   |                   |
| Issue of shares (note 30)   | 1,432,981                    | _  | _  | _                                 | 1,432,981         |
| Share-based compensation (note 33)  |                              | _  | 2,707  | _                                 | 2,707             |
| At 30 June 2011 (unaudited)   | 3,220,025                    | _  | 44,519   | (599,264)                         | 2,665,280         |
| Comprehensive income:   |                              |  |  |                                   |                   |
| Loss for the year   | _                            | _  | _  | (1,127,135)                       | (1,127,135)       |
| Transactions with equity holders:   |                              |  |  |                                   |                   |
| Issue of shares (note 30)   | 4,288                        | _  | _  | _                                 | 4,288             |
| Acquisition of additional interests in a subsidiary   | 434,892                      | _  | _  | _                                 | 434,892           |
| Placing of new shares (note 30)   | 277,550                      | _  | _  | _                                 | 277,550           |
| Issue of convertible bonds — equity component (note 31)   | _                            | 34,464                                   | _  | _                                 | 34,464            |
| Issue of shares upon conversion of convertible bonds (note 30)  | 68,567                       | (8,917)                                  | _  | _                                 | 59,650            |
| Share-based compensation (note 33)  | _                            | _  | 14,791   | _                                 | 14,791            |
| At 30 June 2012   | 4,005,322                    | 25,547                                   | 59,310   | (1,726,399)                       | 2,363,780         |
| Comprehensive income:   |                              |  |  |                                   |                   |
| Loss for the year   | _                            | _  | _  | (712,564)                         | (712,564)         |
| Transactions with equity holders:   |                              |  |  |                                   |                   |
| Issue of shares for acquiring additional interest in a subsidiary upon Compulsory Acquisition (notes 30 & 39) | 21,583                       | _  | _  | _                                 | 21,583            |
| Issue of shares upon redemption of a fixed rate bond  | 58,976                       | _  | _  | _                                 | 58,976            |
| Issue of convertible bonds — equity component (note 31)   | _                            | 84,659                                   | _  | _                                 | 84,659            |
| Issue of shares upon conversion of convertible bonds (note 30)  | 227,975                      | (110,206)                                | _  | _                                 | 117,769           |
| Share-based compensation (note 33)  | _                            | _  | 7,329  | _                                 | 7,329             |
| At 30 June 2013   | 4,313,856                    | _  | 66,639   | (2,438,963)                       | 1,941,532         |

### 45 LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The loss attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of a loss of approximately HK\$712,564,000 (Twelve months ended 30 June 2012: HK\$1,127,135,000 and eighteen months ended 30 June 2012: HK\$1,159,569,000).

# 46 EVENTS OCCURRING AFTER THE REPORTING PERIOD

There is no significant event occurred subsequently after the balance sheet date.

# FINANCIAL SUMMARY



|                          |             |             | The Group |           |            |
|--------------------------|-------------|-------------|-----------|-----------|------------|
|                          | Year        | 18 months   | Year      | Year      | Year       |
|                          | ended 30    | ended 30    | ended 31  | ended 31  | ended 31   |
|                          | June        | June        | December  | December  | December   |
|                          | 2013        | 2012        | 2010      | 2009      | 2008       |
|                          | HK\$'000    | HK\$'000    | HK\$'000  | HK\$'000  | HK\$'000   |
| RESULTS                  |             |             |           |           |            |
| Revenue                  | 158,556     | 200,796     | 131,996   | 95,374    | 142,222    |
| Loss before income tax   | (476,064)   | (2,417,397) | (226,394) | (79,396)  | (291,180)  |
| Income tax (expense)/    |             |             |           |           |            |
| credit                   | (778)       | 719,310     | (338)     | (608)     | 8,718      |
| Loss for the year/period | (476,842)   | (1,698,087) | (226,732) | (80,004)  | (282,462)  |
| Attributable to:         |             |             |           |           |            |
| Equity holders of the    |             |             |           |           |            |
| Company                  | (449,384)   | (1,579,652) | (210,644) | (78,935)  | (296,660)  |
| Non-controlling interest | (27,458)    | (118,435)   | (16,088)  | (1,069)   | 14,198     |
|                          | (476,842)   | (1,698,087) | (226,732) | (80,004)  | (282,462)  |
| Loss per share           |             |             |           |           |            |
| — Basic (HK cents)       | (6.01)      | (29.77)     | (5.99)    | (3.44)    | (28.06)    |
| — Diluted (HK cents)     | (6.01)      | (29.77)     | (5.99)    | (3.44)    | (28.06)    |
|                          |             |             |           |           |            |
|                          | As at 30    | As at 30    | As at 31  | As at 31  | As at 31   |
|                          | June        | June        | December  | December  | December   |
|                          | 2013        | 2012        | 2010      | 2009      | 2008       |
| ACCETO AND HADDITE       | HK\$'000    | HK\$'000    | HK\$'000  | HK\$'000  | HK\$'000   |
| ASSETS AND LIABILITIES   | 2.02.000    | 4 /07 0 47  | 0.715.401 | 1 4/5 /00 | 1 007 5 (0 |
| Total assets             | 3,897,383   | 4,607,247   | 2,715,481 | 1,465,620 | 1,237,562  |
| Total liabilities        | (1,140,837) | (1,508,231) | (365,568) | (247,039) | (379,507)  |
|                          | 2,756,546   | 3,099,016   | 2,349,913 | 1,218,581 | 858,055    |
| Equity attributable to   |             |             |           |           |            |
| equity holders of the    |             | 0.000       | 0.07= 11= |           |            |
| Company                  | 2,713,471   | 3,029,382   | 2,267,615 | 1,123,156 | 761,552    |
| Non-controlling interest | 43,075      | 69,634      | 82,298    | 95,425    | 96,503     |
| Total equity             | 2,756,546   | 3,099,016   | 2,349,913 | 1,218,581 | 858,055    |

# **ASX ADDITIONAL INFORMATION**

Additional information in accordance with the listing requirements of the Australian Securities Exchange Limited are as follows:

# A. DISTRIBUTION OF SHAREHOLDINGS AT 11 SEPTEMBER 2013

|                  | Liste  | ed              | Unlisted          |                      |                  |                      |                  |                     |
|------------------|--------|-----------------|-------------------|----------------------|------------------|----------------------|------------------|---------------------|
| Category         | Shares | A\$0.20 options | HK\$0.717 options | HK\$0.967<br>options | HK\$0.72 options | HK\$1.164<br>options | HK\$1.24 options | HK\$2.00<br>options |
| 1 — 1,000        | 770    | _               | _                 | _                    | _                | _                    | _                | _                   |
| 1,001 — 5,000    | 229    | _               | _                 | _                    | _                | _                    | _                | _                   |
| 5,001 — 10,000   | 122    | 50              | _                 | _                    | _                | _                    | _                | _                   |
| 10,001 — 100,000 | 923    | 124             | _                 | _                    | _                | _                    | _                | _                   |
| 100,001 and over | 475    | 19              | 23                | 23                   | 12               | 5                    | 2                | 1                   |
| Total number of  |        |                 |                   |                      |                  |                      |                  |                     |
| security holders | 2,519  | 193             | 23                | 23                   | 12               | 5                    | 2                | 1                   |

The number of shareholders holding less than a marketable parcel of shares as at 9 August 2013 is 1,002.

As at 11 September 2013, a total of 15,000,000 units of options were quoted and listed, expiring 30 September 2014.

#### **Unquoted Securities**

As at 11 September 2013, unlisted options amounted to a total of 493,800,000 units, including:

# **Unquoted securities**

493,800,000 unlisted options granted

- 7,500,000 share options, expiring 17 January 2014 EX HK\$1.164
- 27,000,000 share options, expiring 10 February 2014 EX HK\$1.240
- 39,000,000 share options, expiring 10 November 2013 EX HK\$2.00
- 83,400,000 share options, expiring 13 December 2015 EX HK\$0.72
- 88,100,000 share options, expiring 14 January 2016 EX HK\$0.717
- 88,100,000 share options, expiring 14 January 2016 EX HK\$0.967
- 3,750,000 share options, expiring 28 February 2016 EX HK\$0.717
- 3,750,000 share options, expiring 28 February 2016 EX HK\$0.967
- 76,600,000 share options, expiring 20 May 2016 EX HK\$0.717
- 76,600,000 share options, expiring 20 May 2016 EX HK\$0.967



# B. TWENTY LARGEST SECURITY HOLDERS

|  |                  | Percentage |
|--|------------------|------------|
| Name   | Number of shares | held       |
| OCEAN LINE HOLDINGS LTD                              | 1,165,243,902    | 14.76%     |
| THE HONGKONG AND SHANGHAI BANKING                    | 1,075,311,057    | 13.62%     |
| BOCI SECURITIES LTD                                  | 440,011,804      | 5.57%      |
| SUN HUNG KAI INVESTMENT SERVICES LTD                 | 309,669,801      | 3.92%      |
| REORIENT FINANCIAL MARKETS LTD                       | 255,900,800      | 3.24%      |
| CORNERSTONE PACIFIC LIMITED                          | 250,000,000      | 3.17%      |
| ROSS STEWART NORGARD AND LONGFELLOW NOMINEES PTY LTD | 243,054,000      | 3.08%      |
| DEUTSCHE BANK AG                                     | 237,731,018      | 3.01%      |
| DBS BANK LTD   | 231,161,070      | 2.93%      |
| EVERCREST CAPITAL LIMITED                            | 208,000,000      | 2.63%      |
| CITIBANK N.A.  | 194,394,283      | 2.46%      |
| HING WONG SECURITIES LTD                             | 189,231,000      | 2.40%      |
| SHIMMER EXPERT INVESTMENTS LIMITED                   | 179,548,000      | 2.27%      |
| BARWICK INVESTMENTS LIMITED                          | 174,668,000      | 2.21%      |
| GUOYUAN SECURITIES BROKERAGE (HONG KONG)             | 161,162,800      | 2.04%      |
| VILLAS GREEN INVESTMENTS LIMITED                     | 147,760,000      | 1.87%      |
| KINGSTON SECURITIES LTD                              | 137,883,000      | 1.75%      |
| TOP ABLE INVESTMENTS LIMITED                         | 128,452,000      | 1.63%      |
| EQUITY VALLEY INVESTMENTS LIMITED                    | 120,312,000      | 1.52%      |
| STANDARD CHARTERED BANK                              | 113,263,315      | 1.43%      |
| TOTAL  | 5,962,757,850    | 75.53%     |
| TOTAL REMAINING HOLDERS BALANCE                      | 1,931,724,281    | 24.47%     |

# **ASX ADDITIONAL INFORMATION**

# Twenty largest option holders — Listed Options

| Rank    | Name   | Percentage held | Percentage % |
|---------|--|-----------------|--------------|
| 1       | PERSHING AUSTRALIA NOMINEES PTY LTD <blackswan a="" c=""></blackswan>                              | 2,480,000       | 16.53%       |
| 2       | MILLETTS PORTFOLIO PTY LTD < JIM MILLETT S/FUND A/C>   | 2,235,000       | 14.90%       |
| 3       | GOFFACAN PTY LTD <kmm a="" c="" family=""></kmm>   | 718,250         | 4.79%        |
| 4       | MR GORDON ROGER BARRATT + MRS MARYLEE BARRATT  | 630,000         | 4.20%        |
| 5       | <pre><barratt a="" c="" family="">  MR YAN PETER WANGKAR + MRS YETI SOPANDI</barratt></pre>        |                 | 3.33%        |
| 6       |  | 500,000         | 3.33%        |
| 6       | MR GORDON ROGER BARRATT + MRS MARYLEE BARRATT <barratt a="" c="" fund="" super=""></barratt>       | 450,000         | 3.00%        |
| 7       | MRS BEVERLEY JULIA PEPPER  | 300,000         | 2.00%        |
| 8       | KOOKCOM PTY LTD <corbet a="" c="" family=""></corbet>  | 295,000         | 1.97%        |
| 9       | CRITICAL HOLDINGS PTY LTD <felgar a="" c=""></felgar>  | 250,000         | 1.67%        |
| 10      | DADDO BARRATT BROKING PTY LTD  | 250,000         | 1.67%        |
| 11      | MR MARIO GIOSUE FRANCO + MRS IMMACOLATA FRANCO <the a="" c="" f="" franco="" mario="" s=""></the>  | 250,000         | 1.67%        |
| 12      | NEW ENGLAND SPECIALTY POULTRY PTY LTD <super a="" benefits="" c="" fund=""></super>                | 225,000         | 1.50%        |
| 13      | MR SOW HO CHIN + MRS PATRICIA WHEE LIAN CHIN <the a="" c="" fund="" soho="" super=""></the>        | 200,000         | 1.33%        |
| 14      | INVIA CUSTODIAN PTY LIMITED <barkin a="" c="" family=""></barkin>                                  | 200,000         | 1.33%        |
| 15      | MR VICTOR LAWRENCE JOYCE + MRS SUSAN JOAN ABRA <victor a="" c="" f="" joyce="" l="" s=""></victor> | 200,000         | 1.33%        |
| 16      | MR MARIO PAUL DALL'EST   | 179,750         | 1.20%        |
| 17      | MS SALLY JUDITH MOLYNEUX   | 150,000         | 1.00%        |
| 18      | MR JOHN PAUL WELBORN + MS CAROLINE ANNE WELBORN <welborn a="" c="" family=""></welborn>            | 125,000         | 0.83%        |
| 19      | RICHSHAM NOMINEES PTY LTD  | 112,000         | 0.75%        |
| 20      | CAPITAL INVESTMENT PARTNERS PTY LTD  | 100,000         | 0.67%        |
| Totals  |  | 9,850,000       | 65.67%       |
| Total R | Remaining Holders Balance  | 5,150,000       | 34.33%       |



# C. SUBSTANTIAL HOLDERS

|                                      |   | Number of<br>shares or<br>underlying | Percentage of<br>the issued share<br>capital of the |
|--------------------------------------|---|--------------------------------------|---|
| Name of shareholder                  | Capacity                                  | shares                               | Company   |
| Kwai Sze Hoi (Note)                  | Interest held by controlled corporations  | 1,474,640,764                        | 18.68%  |
|                                      | Interest held jointly with another person | 60,720,000                           | 0.77%   |
|                                      | Beneficial owner (options)                | 70,000,000                           | 0.89%   |
| Cheung Wai Fung (Note)               | Interest held by controlled corporations  | 1,474,640,764                        | 18.68%  |
| (NOTE)                               | Interest held jointly with another person | 60,720,000                           | 0.77%   |
|                                      | Interest held by spouse (options)         | 70,000,000                           | 0.89%   |
| Ocean Line Holdings<br>Ltd. (Note)   | Beneficial owner                          | 1,474,640,764                        | 18.68%  |
| Zhu Yi Cai                           | Interest held by controlled corporations  | 582,312,972                          | 7.38%   |
| China Guoyin<br>Investments (HK) Ltd | Beneficial owner                          | 569,904,972                          | 7.22%   |
| Cheung Sze Wai, Catherine (Note)     | Interest held by controlled corporations  | 387,032,276                          | 4.90%   |
| Callieline (Note)                    | Interest held by spouse (options)         | 89,000,000                           | 1.13%   |
| Luk Kin Peter Joseph (Note)          | Interest held by controlled corporations  | 387,032,276                          | 4.90%   |
| [1.010]                              | Beneficial owner (options)                | 89,000,000                           | 1.13%   |

Notes: Please refer to Note under section headed: Directors and Chief Executives' Interests on P.41

#### Notes:

- 1. The 1,474,640,764 shares were held by Ocean Line Holdings Ltd., 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 of the Company.
- 2. The 387,032,276 shares represent (i) 135,824,000 shares held by Equity Valley Investments Limited; (ii) 103,448,276 shares held by Prideful Future Investments Limited; and (iii) 147,760,000 shares held by Villas Green Investments Limited. The above three companies were wholly-owned by The XSS Group Limited, of which 50%, 20% and 30% of its issued share capital were held by Mr. Luk, Ms Cheung Sze Wai, Catherine (Mr. Luk's spouse), and Ms. Chong Yee Kwan (Mr. Luk's mother) respectively.

# **ASX ADDITIONAL INFORMATION**

# D. VOTING RIGHTS

The voting rights attaching to each class of equity securities are set out below:

# a) Ordinary shares

Each shareholder present in person or by proxy, attorney or representative in a meeting shall have one vote on a poll for each share held.

### b) Options

No voting rights.

# E. STOCK EXCHANGE LISTING

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the ASX Limited.

# F. INCOME TAX

Brockman Mining Limited is taxed as a public company.

# G. SCHEDULE OF TENEMENTS AS AT — 11 SEPTEMBER 2013

| Project          | Tenement type | Tenement<br>number | Commodity     | Status | Interest held |
|------------------|---------------|--------------------|---------------|--------|---------------|
| Bruten Hill      | E             | 04/2190            | Iron Ore      | Pend   | 100%          |
| Canning Basin    | E             | 04/2036            | Coal          | Live   | 100%          |
| Canning Basin    | E             | 04/2037            | Coal          | Live   | 100%          |
| Canning Basin    | E             | 04/2038            | Coal          | Live   | 100%          |
| Canning Basin    | E             | 04/2039            | Coal          | Live   | 100%          |
| Canning Basin    | E             | 04/2040            | Coal          | Live   | 100%          |
| Canning Basin    | E             | 04/2258            | Coal          | Pend   | 100%          |
| Canning Basin    | E             | 04/2302            | Coal          | Pend   | 100%          |
| Canning Basin    | E             | 04/2320            | Coal          | Pend   | 100%          |
| Cheela Plains    | E             | 04/2264            | Iron Ore      | Live   | 100%          |
| Chichester Range | Е             | 45/3693            | Iron Ore      | Pend   | 100%          |
| Coongan          | E             | 45/3253            | Iron Ore      | Live   | 100%          |
| Coongan          | Е             | 45/3451            | Iron Ore      | Live   | 100%          |
| Coongan          | Е             | 45/3452            | Iron Ore      | Live   | 100%          |
| Duck Creek       | Е             | 47/1725            | Iron Ore      | Live   | 100%          |
| Duck Creek       | Е             | 47/2446            | Iron Ore      | Live   | 100%          |
| Duck Creek       | Е             | 47/1936            | Iron Ore      | Live   | 100%          |
| Duck Creek       | Е             | 47/1937            | Iron Ore      | Live   | 100%          |
| Ethel Creek      | Е             | 46/0921            | Iron Ore      | Live   | 100%          |
| Ethel Creek      | Е             | 46/0979            | Iron Ore      | Pend   | 100%          |
| Fitzroy River    | Е             | 04/2066            | Iron Ore      | Live   | 100%          |
| Fitzroy River    | Е             | 04/2067            | Iron Ore      | Live   | 100%          |
| Irwin Hills      | Е             | 39/1284            | Nickel/Cobalt | Live   | 40%           |
| Irwin Hills      | Е             | 39/1307            | Nickel/Cobalt | Live   | 40%           |
| Irwin Hills      | Е             | 39/1471            | Nickel/Cobalt | Live   | 40%           |
| Irwin Hills      | L             | 39/0163            | Nickel/Cobalt | Live   | 40%           |





| Project         | Tenement type | Tenement<br>number | Commodity     | Status | Interest hel |
|-----------------|---------------|--------------------|---------------|--------|--------------|
| Irwin Hills     | Р             | 39/4594            | Nickel/Cobalt | Live   | 40%          |
| Irwin Hills     | Р             | 39/4595            | Nickel/Cobalt | Live   | 40%          |
| Irwin Hills     | Р             | 39/4682            | Nickel/Cobalt | Live   | 40%          |
| Lalla Rookh     | Е             | 45/3144            | Iron Ore      | Live   | 100%         |
| Lalla Rookh     | Е             | 45/3379            | Iron Ore      | Live   | 100%         |
| Lalla Rookh     | Е             | 45/3380            | Iron Ore      | Live   | 100%         |
| Marillana       | Е             | 47/1408            | Iron Ore      | Live   | 100%         |
| Marillana       | L             | 45/0225            | Iron Ore      | Pend   | 100%         |
| Marillana       | L             | 45/0236            | Iron Ore      | Pend   | 100%         |
| Marillana       | L             | 45/0238            | Iron Ore      | Pend   | 100%         |
| Marillana       | L             | 47/0097            | Iron Ore      | Pend   | 100%         |
| Marillana       | L             | 47/0369            | Iron Ore      | Pend   | 100%         |
| Marillana       | L             | 47/0389            | Iron Ore      | Pend   | 100%         |
| Marillana       | L             | 47/0408            | Iron Ore      | Pend   | 100%         |
| Marillana       | L             | 47/0544            | Iron Ore      | Pend   | 100%         |
| Marillana       | L             | 47/0566            | Iron Ore      | Pend   | 100%         |
| Marillana       | L             | 47/0567            | Iron Ore      | Pend   | 100%         |
| Marillana       | L             | 52/0124            | Iron Ore      | Pend   | 100%         |
| Marillana       | M             | 47/1414            | Iron Ore      | Live   | 100%         |
| Marillana       | E             | 47/2176            | Iron Ore      | Pend   | 100%         |
| Millstream Hill | Е             | 47/2766            | Iron Ore      | Pend   | 100%         |
| Mt Florence     | E             | 47/1738            | Iron Ore      | Live   | 100%         |
| Mt Goldsworthy  | Е             | 45/3931            | Iron Ore      | Live   | 100%         |
| Mt Lockyer      | E             | 47/2650            | Iron Ore      | Pend   | 100%         |
| Mt Stuart       | Е             | 47/1845            | Iron Ore      | Live   | 100%         |
| Mt Stuart       | E             | 47/1850            | Iron Ore      | Live   | 100%         |
| Mt Stuart       | E             | 47/2215            | Iron Ore      | Live   | 100%         |
| Nimingara       | Е             | 45/4051            | Iron Ore      | Pend   | 100%         |
| Ophthalmia      | E             | 47/1598            | Iron Ore      | Live   | 100%         |
| Ophthalmia      | E             | 47/1599            | Iron Ore      | Live   | 100%         |
| Ophthalmia      | E             | 47/2621            | Iron Ore      | Pend   | 100%         |
| Ophthalmia      | Е             | 47/2622            | Iron Ore      | Pend   | 100%         |
| Ophthalmia      | E             | 47/2623            | Iron Ore      | Pend   | 100%         |
| Ophthalmia      | E             | 47/2280            | Iron Ore      | Live   | 100%         |
| Ophthalmia      | Е             | 47/2291            | Iron Ore      | Live   | 100%         |
| Ophthalmia      | Е             | 47/2594            | Iron Ore      | Pend   | 100%         |
| Pannawonica     | E             | 47/2409            | Iron Ore      | Live   | 100%         |
| Pannawonica     | E             | 47/2410            | Iron Ore      | Live   | 100%         |
| Paraburdoo      | E             | 47/1942            | Iron Ore      | Live   | 100%         |
| Paraburdoo      | E             | 47/2081            | Iron Ore      | Live   | 100%         |
| Pippingarra     | E             | 45/3948            | Iron Ore      | Live   | 100%         |
| Port Hedland    | E             | 45/3939            | Iron Ore      | Pend   | 100%         |
| Port Hedland    | L             | 45/0296            | Iron Ore      | Pend   | 100%         |
| Red Hill        | E             | 08/2011            | Iron Ore      | Live   | 100%         |

# **ASX ADDITIONAL INFORMATION**

|                |               | Tenement |           |        |               |
|----------------|---------------|----------|-----------|--------|---------------|
| Project        | Tenement type | number   | Commodity | Status | Interest held |
| Red Hill       | Е             | 08/2297  | Iron Ore  | Live   | 100%          |
| Red Hill       | Р             | 08/0628  | Iron Ore  | Live   | 100%          |
| Red Hill       | Р             | 08/0629  | Iron Ore  | Live   | 100%          |
| Shovelanna     | Е             | 46/0781  | Iron Ore  | Live   | 100%          |
| Shovelanna     | Е             | 52/2238  | Iron Ore  | Live   | 100%          |
| Wallareenya    | Е             | 45/3766  | Iron Ore  | Live   | 100%          |
| Wallareenya    | Е             | 45/3808  | Iron Ore  | Live   | 100%          |
| West Hamersley | Е             | 47/1603  | Iron Ore  | Live   | 100%          |
| West Hamersley | Е             | 47/2667  | Iron Ore  | Pend   | 100%          |
| West Hamersley | Е             | 47/2904  | Iron Ore  | Pend   | 100%          |
| West Hamersley | Е             | 47/2905  | Iron Ore  | Pend   | 100%          |
| Tom Price      | Е             | 47/2098  | Iron Ore  | Live   | 100%          |
| Tom Price      | Е             | 47/2353  | Iron Ore  | Pend   | 100%          |
| Tom Price      | Е             | 47/2354  | Iron Ore  | Pend   | 100%          |
| Tom Price      | Е             | 47/2355  | Iron Ore  | Pend   | 100%          |
| Tom Price      | Е             | 47/2698  | Iron Ore  | Pend   | 100%          |
| Tom Price      | Е             | 47/2699  | Iron Ore  | Pend   | 100%          |
| Tom Price      | Е             | 47/2700  | Iron Ore  | Pend   | 100%          |
| Yeeda          | Е             | 04/2148  | Iron Ore  | Live   | 100%          |

