華南

WAH NAM INTERNATIONAL HOLDINGS LIMITED
華南投資控股有限公司 *

(Incorporated in Bermuda with limited liability)

(SEHK Stock Code: 159)

(ASX Stock Code: WNI)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

The board of directors (the "Board") of Wah Nam International Holdings Limited (the "Company") announces the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2010, together with the comparative figures for 2009.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

	Note	**2010** *HK$'000*	2009 *HK$'000*
Revenue	*3*	**131,996**	95,374
Direct costs	*8*	**(106,792)**	(84,729)
Gross profit		**25,204**	10,645
Selling and administrative expenses	*8*	**(96,555)**	(31,618)
Other income		**168**	300
Other gains, net		**1,790**	505
Impairment losses	*5*	**(153,000)**	(38,314)
Finance costs	*6*	**(4,001)**	(20,914)
Loss before income tax		**(226,394)**	(79,396)
Income tax expense	*7*	**(338)**	(608)
Loss for the year		**(226,732)**	(80,004)

* *For identification purpose only*

	Note	2010 HK$'000	2009 HK$'000
Other comprehensive income:			
Exchange differences arising on translation of foreign operation		**32,405**	(285)
Change in fair value on available-for-sale investments, net of tax		**491,187**	133,644
Other comprehensive income for the year, net of tax		**523,592**	133,359
Total comprehensive income for the year		**296,860**	53,355
Loss for the year attributable to:			
Equity holders of the Company		**(210,644)**	(78,935)
Non-controlling interest		**(16,088)**	(1,069)
		(226,732)	(80,004)
Total comprehensive income attributable to:			
Equity holders of the Company		**309,987**	54,433
Non-controlling interest		**(13,127)**	(1,078)
		296,860	53,355
Loss per share attributable to the equity holders of the Company during the year (expressed in HK cents per share)			
— Basic	*10*	**(5.99)**	(3.44)
— Diluted	*10*	**(5.99)**	(3.44)

CONSOLIDATED BALANCE SHEET

As at 31 December 2010

	Note	**31 December 2010** *HK$'000*	31 December 2009 *HK$'000*	1 January 2009 *HK$'000*
Non-current assets				
Mining right	*11*	**850,616**	980,568	987,005
Property, plant and equipment		**87,668**	81,726	86,024
Goodwill		**11,405**	11,405	49,719
Intangible asset		**11,217**	12,819	14,421
Available-for-sale investments	*12*	**1,545,224**	309,929	—
Deferred income tax assets		**—**	337	966
Other non-current assets		**8,685**	8,900	8,419
		2,514,815	1,405,684	1,146,554
Current assets				
Inventories		**12,164**	4,516	7,379
Trade receivables	*13*	**30,013**	21,456	12,246
Other receivables, deposits and prepayments		**11,445**	7,470	7,232
Amount due from a related party		**1,067**	1,139	1,500
Financial assets at fair value through profit or loss		**5,187**	3,397	2,894
Restricted cash		**5,200**	5,200	—
Cash and cash equivalents		**135,590**	16,758	59,757
		200,666	59,936	91,008
Current liabilities				
Trade payables	*14*	**12,350**	9,738	10,667
Other payables and accrued charges		**46,069**	44,529	40,008
Amount due to directors		**—**	—	305
Amounts due to related parties		**4,368**	1,363	—
Bank borrowings		**41,622**	39,258	30,131
Obligations under finance leases		**1,951**	1,965	1,739
		106,360	96,853	82,850
Net current assets/(liabilities)		**94,306**	(36,917)	8,158
Total assets less current liabilities		**2,609,121**	1,368,767	1,154,712

	Note	**31 December 2010 HK$'000**	31 December 2009 HK$'000	1 January 2009 HK$'000
Capital and reserves				
Share capital	*15*	**392,244**	278,226	151,534
Reserves		**1,875,371**	844,930	610,018
Equity attributable to the equity holders of the Company		**2,267,615**	1,123,156	761,552
Non-controlling interest		**82,298**	95,425	96,503
Total equity		**2,349,913**	1,218,581	858,055
Non-current liabilities				
Obligations under finance leases		**2,860**	1,168	2,230
Amount due to a related party		**32,360**	21,353	23,829
Convertible notes		—	74,119	262,828
Deferred income tax liabilities		**223,499**	53,074	7,298
Provision for restoration costs		**489**	472	472
		259,208	150,186	296,657
		2,609,121	1,368,767	1,154,712

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

Wah Nam International Holdings Limited (the "Company") and its subsidiaries (together, the "Group") are principally engaged in the exploitation, processing and sales of mineral resources, including copper, zinc and lead ore concentrates in the PRC; in the provision of limousine rental and airport shuttle bus services in Hong Kong and the PRC; and in the investment in equity securities.

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"). The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The Company was officially admitted to the Australian Securities Exchange (the "ASX") on 7 January 2011 and the trading commenced on 11 January 2011.

These consolidated financial statements are presented in thousands of Hong Kong dollar (HK$'000) unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 24 March 2011.

2. SIGNIFICANT 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 years presented, unless otherwise stated.

(a) Basis of preparation

These are the Group's first consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). The transition from Hong Kong Financial Reporting Standards ("HKFRS") to IFRS was effective from 1 January 2009.

The accounting policies set out in note 2 have been applied in preparing the consolidated financial statements for the year ended 31 December 2010, the comparative information presented in these financial statements for the year ended 31 December 2009 and in the preparation of an opening IFRS balance sheet at 1 January 2009.

HKFRS were fully converged with IFRS (except for certain differences in transitional provisions) with effect from 1 January 2005. However, as this is the first time the Group is making an explicit and unreserved statement of compliance with IFRS, 1 January 2009 represents the date of transition to IFRS in accordance with IFRS 1 "First-time Adoption of International Financial Reporting Standards".

The adoption of IFRS 1 does not have any financial impact on the Group's financial statements in 2009 and 2010 after applying applicable IFRS 1 exceptions and exemptions in transition from HKFRS to IFRS.

Set out below are the applicable IFRS 1 exemptions and exceptions applied in the conversion from HKFRS to IFRS.

IFRS exemption options

- *Exemption for business combinations*

  IFRS 1 provides the option to apply IFRS 3, `Business combinations', prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date. The group elected to apply IFRS 3 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.

  Furthermore, the Group elected not to apply IAS 21, "The Effects of Changes in Foreign Exchange Rates" retrospectively to fair value adjustments and goodwill arising in business combinations that occurred before the date of transition to IFRS.

- *Exemption for investments in subsidiaries, jointly controlled entities and associates*

  IFRS 1 permits the Company to account for its investments in subsidiaries, jointly controlled entities and associates either at cost determined in accordance with International Accounting Standards Board ("IAS") - IAS 27 "Consolidated and separate financial statements" or at deemed cost which is the fair value at the entity's date of transition to IFRSs in its separate financial statements or the previous Generally Accepted Accounting Principles ("GAAP") carrying amount at that date. The Company elects to account for its investments in subsidiaries at deemed cost which is the carrying amount recorded under HKFRS at the date of transition.

- *Exemption for compound financial instruments*

  IFRS 1 permits the Group not to separate the compound financial instruments into two portions of equity if the liability component is no longer outstanding at the date of transition.

- *Exemption for designation of previously recognised financial instruments*

  IFRS 1 provides retrospective relief from applying IAS 39 "Financial Instruments: Recognition and measurement", for the designation of a financial instrument as a financial asset or financial liability at "fair value through profit or loss" or as "available-for-sale" on initial recognition. In line with the exemption, the Group elected to designate financial instruments according to IAS 39 at the date of transition to IFRS.

  The remaining voluntary exemptions do not apply to the Group:

  - Share-based payment (IFRS 2), as the Group did not have the share-based payment granted before 2010;

  - Fair value or revaluation as deemed cost (IAS 16), as the property, plant & equipment is recognised at cost;

- Leases (IAS 17) and Decommissioning liabilities included in the cost of property, plant & equipment (IAS 37), as HKFRSs and the IFRSs were already aligned as regards these transactions;

- Insurance contracts (IFRS 4), as this is not relevant to the Group's operations;

- Employee benefits (IAS 19), as the Group does not operate any employee defined benefit plan;

- Cumulative translation differences (IAS 21), as the Group does not intend to reset the cumulative translation gains and losses to zero;

- Assets and liabilities of subsidiaries, associates and joint ventures, as only the Group's consolidated financial statements have been prepared in accordance with IFRS;

- Financial assets or intangible assets accounted for under International Financial Reporting Interpretations Committee ("IFRIC") - IFRIC 12 "Service Concession Arrangements", as the group has not entered into agreements within the scope of IFRIC 12;

- Borrowing costs (IAS 23), as the group does not have the relevant qualifying assets; and

- Transfers of assets from customers (IFRIC 18), as the Group does not have assets of this type.

IFRS mandatory exceptions

Set out below are the applicable mandatory exceptions in IFRS 1 applied in the conversion from HKFRS to IFRS.

- *Exception for derecognition of financial assets and liabilities*

  IFRS 1 provides that an entity can apply the derecognition requirements in IAS 39 "Financial Instruments: Recognition and Measurement", prospectively for transactions occurring on or after 1 January 2004. The Group elected to apply IAS 39 prospectively.

- *Exception for non-controlling interests*

  The requirements under IAS 27 "Consolidated and separate financial statements" in relation to the accounting of non-controlling interests are applied prospectively from the date of transition to IFRS.

- *Exception for estimates*

  IFRS estimates as at 1 January 2009 are consistent with the estimates as at the same date made in conformity with HKFRS.

The compulsory exception of IFRS 1 in respect of the Hedge accounting has not been applied as it is not relevant to the Group.

The consolidated financial statements have been prepared under the historical cost convention, as modified by available-for-sale investments, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

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.

Standards and amendments to existing standards that are not yet effective and have not been early adopted by the Group

- IFRS 9, 'Financial instruments'. This standard is the first step in the process to replace IAS 39, 'Financial instruments' recognition and measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the group's accounting for its financial assets. The standard is not applicable until 1 January 2013. An instrument is subsequently measured at amortised cost only if it is a debt instrument and both the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and the asset's contractual cash flows represent only payments of principal and interest. All other debt instruments are to be measured at fair value through profit or loss. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity instruments, an irrevocable election can be made at initial recognition, to recognise unrealized and realized fair value gains and losses are through other comprehensive income. The Group is yet to assess the full impact of IFRS 9. However, initial indications are that there would be no significant impact to the Group's equity instruments that are held for trading and equity available-for-sale investments.

  With the amended IFRS 9 issued in 2010, the classification and measurement requirements for financial liabilities and the derecognition requirements for financial instruments have been relocated from IAS 39 without change, except for financial liabilities designated at fair value through profit or loss, changes in the fair value due to changes in own credit risk are recognised directly in other comprehensive income. Initial indications are that IFRS 9 did not have significant financial impact as the Group did not have any financial liabilities that would be affected by the changes in classification and measurement requirements.

- Revised IAS 24 (Revised), 'Related party disclosures'. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The group will apply the revised standard from 1 January 2011. When the revised standard is applied, the Group and the Company will need to disclose any transactions between its subsidiaries and its associates.

Improvements to IFRS — Amendments to existing standards that are not yet effective and have not been early adopted by the Group

- IAS 1 — Presentation of financial statements[2]
- IAS 27 — Consolidated and separate financial statements[1]
- IAS 34 — Interim financial reporting[2]
- IFRS 3 (Revised) — Business Combination[1]
- IFRS 7 — Financial instruments: Disclosures[2]
- IFRIC-Int 13 — Customer loyalty programme[2]

[1] Effective for the Group for annual periods beginning on or after 1 July 2010
[2] Effective for the Group for annual periods beginning on or after 1 January 2011

The directors of the Company anticipate that the above amendments will not result in significant changes to the Group's accounting policies.

3. REVENUE

Revenue represents the amounts received and receivable for providing limousine rental and airport shuttle bus services and sales of mineral ore products for the year ended 31 December 2010. An analysis of the Group's revenue for the year is as follows:

	2010	2009
	HK$'000	*HK$'000*
Income from limousine rental services	**99,903**	65,580
Income from airport shuttle bus services	**14,667**	14,993
Sales of copper, lead and zinc ore concentrates	**17,426**	14,801
	131,996	95,374

4. SEGMENT INFORMATION

Management has determined the operating segments based on the internal reports reviewed and used by the executive directors for strategic decision making.

The segment information is presented in respect of business segments because this is more consistent with the Group's internal financial reporting. The executive directors assess the performance of the operating segments based on the segment results which refer to the profit or loss before income tax expenses and finance cost.

(a) Business segments

The Group comprises the following main business segments:

Limousine rental services	—	provision of limousine rental services in both Hong Kong and the People's Republic of China ("PRC")
Airport shuttle bus services	—	provision of airport shuttle bus services in Hong Kong
Mining operation	—	exploitation, processing and sales of copper, zinc and lead ore concentrates in the PRC
Others	—	investment in equity securities

	Limousine rental services *HK$'000*	**Airport shuttle bus services** *HK$'000*	**Mining operation** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
31 December 2010					
Segment revenue from external customers	**99,903**	**14,667**	**17,426**	**—**	**131,996**
Segment results	**6,706**	**646**	**(160,766)**	**1,911**	**(151,503)**
Depreciation	**(12,186)**	**(4)**	**(3,245)**	**—**	**(15,435)**
Impairment of mining right	**—**	**—**	**(153,000)**	**—**	**(153,000)**
Amortisation of intangible asset	**(1,046)**	**(556)**	**—**	**—**	**(1,602)**
Amortisation of mining right	**—**	**—**	**(5,421)**	**—**	**(5,421)**
Finance costs	**(1,225)**	**(194)**	**—**	**—**	**(1,419)**
Income tax expense	**89**	**(427)**	**—**	**—**	**(338)**
31 December 2009					
Segment revenue from external customers	65,580	14,993	14,801	—	95,374
Segment results	(38,492)	1,679	(10,824)	522	(47,115)
Depreciation	(11,133)	(8)	(2,992)	—	(14,133)
Impairment of goodwill	(38,314)	—	—	—	(38,314)
Amortisation of intangible asset	(1,046)	(556)	—	—	(1,602)
Amortisation of mining right	—	—	(6,349)	—	(6,349)
Finance costs	(1,174)	(61)	—	—	(1,235)
Income tax expense	(608)	—	—	—	(608)

	Limousine rental services *HK$'000*	Airport shuttle bus services *HK$'000*	Mining operation *HK$'000*	Others *HK$'000*	Total *HK$'000*
31 December 2010					
Total segment assets (Excluded deferred income tax assets)	**109,555**	**26,486**	**905,272**	**1,553,570**	**2,594,883**
Total segment assets includes:					
Additions of property, plant and equipment	**18,331**	**—**	**2,100**	**—**	**20,431**
Additions of available-for-sales investments	**—**	**—**	**—**	**572,989**	**572,989**
Total segment liabilities (Excluded deferred income tax liabilities)	**(49,685)**	**(13,115)**	**(69,432)**	**(4,289)**	**(136,521)**
31 December 2009					
Total segment assets (Excluded deferred income tax assets)	101,563	20,213	1,024,342	313,691	1,459,809
Total segment assets includes:					
Additions of property, plant and equipment	9,724	—	382	—	10,106
Additions of available-for-sales investments	—	—	—	129,588	129,588
Total segment liabilities (Excluded deferred income tax liabilities)	(40,998)	(15,077)	(58,834)	—	(114,909)
1 January 2009					
Total segment assets (Excluded deferred income tax assets)	133,404	21,400	1,037,717	6,088	1,198,609
Total segment liabilities (Excluded deferred income tax liabilities)	(77,556)	(229,899)	(61,303)	—	(368,758)

A reconciliation of segment results to loss before income tax is provided as follows:

	2010	2009
	HK$'000	*HK$'000*
Total segment results	**(151,503)**	(47,115)
Unallocated corporate expenses	**(70,890)**	(11,367)
Finance costs	**(4,001)**	(20,914)
Loss before income tax	**(226,394)**	(79,396)

Reportable segments' assets are reconciled to total assets as follows:

	31 December 2010	31 December 2009	1 January 2009
	HK$'000	*HK$'000*	*HK$'000*
Total segment assets	**2,594,883**	1,459,809	1,198,609
Unallocated corporate assets	**120,598**	5,474	37,987
Deferred income tax assets	**—**	337	966
Total Assets	**2,715,481**	1,465,620	1,237,562

Reportable segments' liabilities are reconciled to total liabilities as follows:

	31 December 2010	31 December 2009	1 January 2009
	HK$'000	*HK$'000*	*HK$'000*
Total segment liabilities	**(136,521)**	(114,909)	(368,758)
Unallocated corporate liabilities	**(5,548)**	(79,056)	(3,451)
Deferred income tax liabilities	**(223,499)**	(53,074)	(7,298)
Total Liabilities	**(365,568)**	(247,039)	(379,507)

(b) Geographical information

The limousine rental services are provided in Hong Kong and the PRC. The airport shuttle bus services are provided in Hong Kong and the mining operation is located in the PRC.

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

	2010			2009		
	The PRC	**Hong Kong**	**Total**	The PRC	Hong Kong	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue	**55,495**	**76,501**	**131,996**	29,123	66,251	95,374

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

	2010			2009		
	The PRC	**Hong Kong**	**Total**	The PRC	Hong Kong	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Specified non-current assets	**917,892**	**51,699**	**969,591**	1,038,157	57,261	1,095,418

5. IMPAIRMENT LOSSES

	2010	2009
	HK$'000	*HK$'000*
Impairment of goodwill	**—**	38,314
Impairment of mining right	**153,000**	—
	153,000	38,314

6. FINANCE COSTS

	2010	2009
	HK$'000	*HK$'000*
Effective interest expenses on convertible notes	**2,582**	19,679
Interest on bank borrowings	**1,183**	1,007
Interest on obligations under finance lease	**236**	228
	4,001	20,914

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profit for the year. PRC enterprise income tax has been provided at the prevailing rate of 25% (2009: 25%) on the estimated assessable profit applicable to the Company's subsidiaries established in the PRC.

	2010	2009
	HK$'000	*HK$'000*
Current income tax:		
Hong Kong profits tax		
Current year	**974**	1,015
(Overprovision)/Underprovision in prior years	**(270)**	15
PRC Enterprise Income Tax		
(Overprovision)/Underprovision in prior years	**(9)**	20
	695	1,050
Deferred income tax:		
Origination and reversal of temporary differences	**(357)**	(442)
	338	608

8. EXPENSES BY NATURE

	2010	2009
	HK$'000	*HK$'000*
Cost of inventories	**9,893**	10,185
Amortisation of intangible asset (included in direct costs)	**1,602**	1,602
Amortisation of mining right (included in direct costs)	**5,421**	6,349
Depreciation	**15,770**	14,440
Auditor's remuneration	**1,753**	1,448
Staff costs *(note a)*	**66,228**	30,612
Operating lease rentals in respect of office premises	**5,540**	4,520
Motor vehicles rental charges	**22,591**	14,105
Fuel and oil	**11,262**	7,681
Toll charges	**4,860**	4,225
Equity-settled share-based compensation for consultant	**15,505**	—
Professional fees for takeover bids	**16,513**	—
Others *(note b)*	**26,409**	21,180
Total direct costs and selling and administrative expenses	**203,347**	116,347

(a) Staff costs

	2010	2009
	HK$'000	*HK$'000*
Directors' emoluments (including share-based compensation)	**26,717**	1,904
Retirement benefit scheme contributions	**2,358**	1,361
Share-based compensation for employees	**1,972**	—
Other staff costs	**35,181**	27,347
	66,228	30,612

(b) Other expenses mainly represent the repairs and maintenance, insurance expenses, licence fee, legal and professional fee and other office utilities expenses.

9. DIVIDEND

No dividend was paid or proposed during 2010, nor has any dividend been proposed since the balance sheet date (2009: nil).

10. LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2010	2009
Loss attributable to equity holders of the Company *(HK$ thousands)*	**(210,644)**	(78,935)
Weighted average number of ordinary shares in issue *(thousands)*	**3,515,217**	2,293,827
Basic loss per share attributable to equity holders of the Company *(HK cents per share)*	**(5.99)**	(3.44)

(b) Diluted

Diluted loss per share is the same as basic loss per share for the years ended 31 December 2010 and 2009 because the effect of the assumed conversion of the convertible notes and share options of the Company during these years was anti-dilutive.

11. MINING RIGHT

	2010	2009
	HK$'000	*HK$'000*
Balance at 1 January	**980,568**	987,005
Amortisation for the year	**(8,069)**	(6,349)
Impairment loss	**(153,000)**	—
Exchange differences	**31,117**	(88)
Balance at 31 December	**850,616**	980,568

The mining right represents the right to conduct mining activities in 雲南省紅河洲綠春縣大馬尖山 Damajianshan, Honghe Zhou, Luchun County, Yunnan.

The mine is located on land in the PRC (the "Land") 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.

In the opinion of the directors, the Group will be able to renew the mining right with the relevant government authorities continuously at minimal charges.

The mining right is amortised using the units of production method based on the proven and probable mineral reserves of 7,798,000 tones under the assumption that the Group can renew the mining right indefinitely till all proven and probable reserves have been mined.

12. AVAILABLE-FOR-SALE INVESTMENTS

	2010	2009
	HK$'000	*HK$'000*
At 1 January	**309,929**	—
Additions	**572,989**	129,588
Disposals	**—**	(150)
Fair value gain recognised in equity	**662,306**	180,491
At 31 December	**1,545,224**	309,929
Listed investments:		
— Equity securities listed in Australia	**1,545,224**	309,929

The fair value of the equity securities is based on their current bid price in an active market. The amount is denominated in Australian Dollar.

As at 31 December 2010, the carrying amounts of interests in the following companies exceed 10% of total assets of the Group.

Name	**Place of incorporation**	**Principal activities**	**Particulars of issued share held**	**Interest held**
Brockman Resources Limited ("BRM")	Australia	Acquisition, exploration and development of mineral tenements in Australia	32,347,405 ordinary shares	22.34%
FerrAus Limited ("FRS")	Australia	Acquisition, exploration and development of mineral tenements in Australia	40,934,400 ordinary shares	19.90%

13. TRADE RECEIVABLES

	31 December 2010	31 December 2009	1 January 2009
	HK$'000	*HK$'000*	*HK$'000*
Trade receivables	**30,386**	21,566	12,356
Less: allowance for doubtful debts	**(373)**	(110)	(110)
Trade receivables — net	**30,013**	21,456	12,246

The Group's credit terms granted to customers of limousine rental and airport shuttle bus services range between 60 days and 90 days. An aged analysis of the trade receivables, based on invoice date as at balance sheet date is as follows:

	31 December 2010	31 December 2009	1 January 2009
	HK$'000	*HK$'000*	*HK$'000*
0-30 days	**11,061**	7,091	6,581
31-60 days	**10,017**	9,234	4,075
61-90 days	**5,246**	3,761	898
Over 90 days	**4,062**	1,480	802
	30,386	21,566	12,356

14. TRADE PAYABLES

Trade payables of the Group principally comprise 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 aged analysis of trade payables of the Group at the balance sheet date:

	31 December 2010	31 December 2009	1 January 2009
	HK$'000	*HK$'000*	*HK$'000*
0-30 days	**6,273**	5,056	2,696
31-60 days	**2,332**	1,126	1,629
61-90 days	**1,411**	478	1,810
Over 90 days	**2,334**	3,078	4,532
	12,350	9,738	10,667

15. SHARE CAPITAL

	Number of shares		Share capital	
	2010	2009	**2010**	2009
	'000	*'000*	***HK$'000***	*HK$'000*
Ordinary shares of HK$0.10 each				
Authorised				
At 1 January	**4,000,000**	4,000,000	**400,000**	400,000
Increase during the year *(note g)*	**6,000,000**	—	**600,000**	—
At 31 December	**10,000,000**	4,000,000	**1,000,000**	400,000
Issued and fully paid				
At 1 January	**2,782,258**	1,515,342	**278,226**	151,534
Placing of new shares *(note a, c, e, f and h)*	**712,000**	111,500	**71,200**	11,150
Conversion of convertible notes *(note b and d)*	**428,177**	1,155,416	**42,818**	115,542
At 31 December	**3,922,435**	2,782,258	**392,244**	278,226

Notes:

(a) Pursuant to a placing and subscription agreement executed on 17 June 2009, a total of 111,500,000 ordinary shares were issued at an issue price of HK$0.90 per share, raising net proceeds of approximately HK$99.1 million.

(b) During the year of 2009, convertible notes of aggregate principal amount of HK$49,650,000 were converted into ordinary shares of HK$0.10 each of the Company at the conversion price of HK$0.405 per share. Accordingly, a total of approximately 122,592,000 ordinary shares were issued.

During the year of 2009, convertible notes of aggregate principal amount of HK$309,847,000 were converted into ordinary shares of HK$0.10 each of the Company at the conversion price of HK$0.30 per share. Accordingly, a total of approximately 1,032,824,000 ordinary shares were issued.

(c) Pursuant to a subscription agreement executed on 9 February 2010, a total of 334,000,000 ordinary shares were issued at an issue price of HK$0.90 per share, raising net proceeds of approximately HK$297 million. The new shares rank pari passu in all respects with the existing shares.

(d) In April 2010, convertible notes of aggregate principle amount of HK$124,171,400 were converted into ordinary shares of HK$0.10 each of the Company at the conversion price of HK$0.29 per share. Accordingly, a total of 428,177,241 ordinary shares were issued.

(e) Pursuant to a placing and subscription agreement executed on 17 June 2010, a total of 185,000,000 ordinary shares were issued at an issue price of HK$1.11 per share, raising net proceeds of approximately HK$199 million. The new shares rank pari passu in all respects with the existing shares.

(f) Pursuant to a subscription agreement executed on 17 September 2010, a total of 178,000,000 ordinary shares were issued at an issue price of HK$1.15 per share, raising net proceeds of approximately HK$200 million. The new shares rank pari passu in all respects with the existing shares.

(g) Pursuant to shareholders' approval at the Special General Meeting held on 13 December 2010, the authorized share capital of the Company has been increased from 4,000,000,000 ordinary shares of HK$0.10 each to 10,000,000,000 ordinary shares of HK$0.10 each.

(h) Pursuant to a subscription on 29 December 2010, a total of 15,000,000 ordinary share were issued at an issue price of AU$0.20 per share, raising net proceeds of approximately HK$19 million. The new shares rank pari passu in all respects with the existing shares.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Financial Hightlights

For the year ended 31 December 2010, the Group recorded total consolidated revenue of approximately HK$132.0 million (2009: HK$95.4 million), representing an increase of 38.4% compared to last financial year. The consolidated turnover consisted of HK$17.4 million (2009: HK$14.8 million) from the sales of copper ore concentrates, HK$99.9 million (2009: HK$65.6 million) from the provision of limousine rental services and HK$14.7 million (2009: HK$15.0 million) from the provision of airport shuttle bus services. As at 31 December 2010, the Group's net asset value amounted to HK$2,350.0 million (2009: HK$1,218.6 million) whereas cash and bank balances amounted to HK$140.8 million (2009: HK$22.0 million).

Loss attributable to equity holders of the Company increased from HK$78.9 million as recorded in previous year to HK$210.6 million in the year ended 31 December 2010. Basic loss per share is HK$5.99 cents, as compared to a loss of HK$3.44 cents of previous year. The increase in loss was mainly due to the impairment loss arisen from the valuation of mining right. An impairment loss on the valuation of mining right was recorded during the year amounted to approximately HK$153.0 million.

Corporate Activities

The Takeover Offers

On 10 November 2010, the Company lodged two takeover offers simultaneously to acquire all outstanding shares of BRM and FRS that the Company has not already owned, through an all-scrip bid (collectively the "Takeover Offers"). The respective bidder's statements were lodged and despatched on 15 December 2010, marking the official commencement of the Takeover Offers. Details and terms of the Takeover Offers can be found in the bidders' statements published available on the website of ASX and the circular of the Company dated 26 November 2010.

Through the Takeover Offers, the Company intends to become a significant player in the Australian iron ore industry. The combination of the high quality assets may allow an independent rail solution to be developed, solving one of the key problems facing both BRM and FRS currently. Additionally, the merger of two members of the North West Iron Ore Alliance (NWIOA), which is currently working towards the completion of multi-berth facilities at Port Hedland, will greatly increase the chance of all parties agreeing to the port development terms and securing the required finance.

Dual Listing on both SEHK and ASX

The Company was admitted to the Official List of ASX on 7 January 2011 through a public offering. A total of 15,000,000 shares and 15,000,000 options were issued under the offering as a result. The Company believes that the listing in both the Hong Kong and Australian markets will enhance the visibility and increase the liquidity of the Company's shares.

Mining Business

Mining Operation

Our mining business mainly comprises the exploitation, processing and sale of copper, lead, zinc, arsenic, silver and other mineral resources, through the operations of Luchun Xingtai Mining Co., Ltd ("Luchun").

Production and operation results for the financial year were summarized as follows:

	2010	2009
Copper ore processed	**69,130 tonnes**	49,907 tonnes
Production of Copper Ore Concentrates	**407 Metal (t)**	340 Metal (t)
Sales of Copper Ore Concentrates	**307 Metal (t)**	410 Metal (t)
Average selling price per Metal (t) (without VAT tax)	**RMB49,000**	RMB32,000

During the year, the turnover of this segment was approximately HK$17.4 million (2009: HK$14.8 million), and the segment loss before amortisation and impairment of mining right was approximately HK$2.3 million (2009: HK$4.5 million). The production volume of copper ore concentrates was approximately 407 metal tonnes and sales of the copper ore concentrates was approximately 307 metal tonnes.

The average sales price of copper ore concentrates (without VAT tax) per metal tonne increased to approximately RMB49,000, as compared to last year of approximately RMB32,000, driven by the higher demand and shortage of supply in China as the country continues with its steady high economic growth.

Summary of Expenditure

Expenditure for production associated with the mining operation during the year amounted to approximately HK$19.8 million (2009: HK$19.3 million). Expenditure associated with exploration activities amounted to approximately HK$1.07 million (2009: HK$0.57 million).

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 Investments Limited ("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

Copper Reserves and Resources

JORC Copper Reserves and Resources for the Damajianshan Mine are set out in the table below:

Copper (Cu) Mineral Reserve	**Ore Tonnage** *(tonnes)*	**Cu Grading** *(%)*	**Cu Metal** *(tonnes)*
Proved	4,648,000	1.49	69,300
Probable	3,150,000	1.42	44,600
Total	7,798,000	1.46	113,900

Copper (Cu) Mineral Resources	Ore Tonnage *(tonnes)*	Cu Grading *(%)*	Cu Metal *(tonnes)*
Measured	4,652,000	1.79	83,100
Indicated	3,153,000	1.70	53,500
Subtotal	7,805,000	1.75	136,500
Inferred	7,678,000	1.61	123,900
Total	15,483,000	1.68	260,400

These estimates under the JORC Code as of 31 December 2007 were included in the Independent Technical Report by Behre Dolbear Asia Inc. ("BDAsia"). The BDAsia report and the reserve and resource estimates were reproduced in full in the Company's Prospectus lodged with ASX on 11 November 2010.

Given these estimates, and as described in the BDAsia report, it is thought that the mine operation has the potential to produce over 429,000 tonnes per annum for more than 18 years.

The technical information contained in this report in relation to the JORC reported Mineral Resources is based on information compiled by Dr. Deng Qingping, who was President of BDAsia and Global Director of Ore Reserves and Mine Planning for BDAsia. Dr. Deng is a Certified Professional Geologist of the American Institute of Professional Geologist and meets all the requirements for "Competent Person" as defined in the 2004 Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("the JORC code") .

Exploration

During the year, the Company continued to carry on with its exploration activities which have been reactivated since late 2009. The exploration activities are aimed to find additional resources in order to support the Company'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. The Company expects to complete the detailed prospecting, scoping plans and drilling program towards the end of December 2011 and results will be released as they come to hand.

Competent Persons Statement

In accordance with the Australian Stock Exchange requirements, the technical information contained in this announcement in relation to the Damajianshan Mine has been reviewed by Mr. Christopher Arndt — a self employed consultant to the Company. Mr. Arndt is a Fellow of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which 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. Arndt consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

Investments

As at 31 December 2010, the Group had accumulated a total of 32,347,405 shares in BRM, for a total cost of approximately HK$459.8 million. Such shares represented approximately 22.3% equity interest in BRM. These BRM shares have a market value of HK$1,253.8 million as at 31 December 2010. The investment in BRM shares was accounted for as available-for-sale investment. The fair value gain of such investment and the exchange gain due to the appreciation of Australian dollars of HK$594.5 million in aggregate, net of tax, was recognised in the available-for-sale investment reserve in the balance sheet, thus no profit and loss effect relating to such investment was recorded. As of the date of this announcement, the Group's relevant interests amounted to approximately 28.05% of BRM inclusive of the acceptances on the ongoing Takeover Offers.

As at 31 December 2010, the Group had accumulated a total of 40,934,400 shares in FRS, for a total cost of approximately HK$242.6 million. Such shares represented approximately 19.9% equity interest in FRS. These FRS shares have a market value amounted to HK$291.4 million as at 31 December 2010. The investment of FRS was accounted for as available-for-sale investment. The fair value gain of such investment and the exchange gain due to the appreciation of Australian dollars of HK$30.3 million in aggregate, net of tax, was recognised in the available-for-sale investment reserve in the balance sheet, thus no profit and loss effect relating to such investment is recorded. Dilutive measures have been implemented by FRS, during February 2011, approximately 40 million placement shares have been issued thereby enlarging the share base from 205,700,890 shares to 249,398,565 shares. As of the date of this report, the Group's relevant interests have been diluted to approximately 17.04% of FRS inclusive of acceptance on the ongoing Takeover Offers.

Limousine Rental and Airport Shuttle Services Business

Provision of limousine rental and airport shuttle bus services

During the year, this segment has recorded a revenue of approximately HK$114.6 million, representing an increase of 42.2% as compared to the revenue of HK$80.6 million recorded in previous year. Earnings before interest, taxes and amortisation for this segment was HK$9.0 million, representing an increase of 188.4% as compared to that of HK$3.1 million of previous year. Hong Kong remains the largest market of this segment and has contributed over 66.8% of revenue recorded under this segment and during the year, the number of trips undertaken by the Group's limousine rental services was approximately 112,700 (2009: 91,000), and the number of passengers for the Group's airport shuttle bus services was approximately 154,700 (2009: 145,000). During the year, we continued to face keen competition in the industry as more companies now offer similar services with more competitive price. The Group aimed to maintain its leading position in the high-end limousine service industry by providing the best quality services to customers at a reasonable price.

Operation results for the financial year were summarised as follows:

	2010	2009
	(HK$'000)	*(HK$'000)*
Revenue		
Airport shuttle bus services		
— Hong Kong	**14,667**	14,993
Limousine rental services		
— Hong Kong	**61,834**	51,258
— PRC	**38,069**	14,322

In mainland China, we provide limousine rental services in three cities namely Shenzhen, Guangzhou and Shanghai. Overall turnover from the China operations was HK$38 million, representing a 165.8% increase as compared to that of HK$14.3 million of previous year. Number of trips undertaken by our China operation was approximately 57,000 (2009: 22,000).

The Group recorded a significant growth in Shanghai due to the effect of Shanghai World Expo. As at 31 December 2010, we had limousine rental service contracts with 25 hotels in the 3 cities.

The Group will carefully review the market conditions from time to time and formulate suitable strategy for this business.

Liquidity and Financial Resources

The Group generally finances its short term funding requirement with cash generated from operations, credit facilities from suppliers and banking facilities.

During the year, the Group has also raised cash from the placements of new shares.

Save for the above, there was no significant change in the working capital structure during the year, the current ratio for the year measured at 1.89 times compared to 0.62 times as reported in last year.

The gearing ratio for the year (long term debts over equity and long term debts) is measured at 0.01 compared to 0.07 recorded in previous year. As of the balance sheet date, the Group has total bank and other borrowings amounted to approximately HK$46.4 million, all of which are secured, approximately HK$43.6 million is due within one year and the balance of HK$2.8 million is due more than one year. All of the borrowings are denominated in Hong Kong dollars.

During the year, the Group did not engage in the use of any financial instruments for hedging purposes, and there is no outstanding hedging instrument as at 31 December 2010.

Capital Structure

During the year, the Company has the following movement in the share capital as follows:

(a) Pursuant to a subscription agreement executed on 9 February 2010, a total of 334,000,000 ordinary shares were issued at issued price of HK$0.90 per share, raising net proceeds of approximately HK$297 million.

(b) Pursuant to a placing and subscription agreement executed on 17 June 2010, a total of 185,000,000 ordinary shares were issued at an issue price of HK$1.11 per share, raising net proceeds of approximately HK$199 million.

(c) Pursuant to a subscription agreement executed on 17 September 2010, a total of 178,000,000 ordinary shares were issued at an issue price of HK$1.15 per share, raising net proceeds of approximately HK$200 million.

(d) During the year, convertible notes of aggregate principal amounts of HK$124,171,400 were converted into shares at a conversion price of HK$0.29 per share. Accordingly, a total of 428,177,241 ordinary shares were issued.

(e) Pursuant to a subscription on 29 December 2010, a total of 15,000,000 ordinary shares were issued at an issue price of AU$0.20 per share, raising net proceeds of approximately HK$19 million. The new shares rank pari passu in all respects with the existing shares.

Charges of Assets

As at 31 December 2010, motor vehicles with an aggregate carrying value of HK$15,093,000 of a subsidiary of the Company were charged to secure general banking facilities granted to these subsidiaries.

Contingent Liabilities

During the year, the Group had engaged professional advisers for the Takeover Offers who charge part of their advisory fees contingent on the outcome of the Takeover Offers (including the acceptance level of the offers). As the Takeover Offers are still in progress, the Group is unable to determine the amount of such contingent advisory fees at this stage.

Save as the above, the Group does not have other contingent liabilities as at 31 December 2010.

Staff and Remuneration

As at 31 December 2010, the Group employed approximately 507 full time employees (2009: 552), of which approximately 376 were in the PRC (2009: 440). The remuneration of employees includes salary and discretionary bonus. The Group has also adopted a share option scheme to provide incentives to employees.

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

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

COMPLIANCE OF THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with its own code on corporate governance practices which incorporates all code provisions in the Code on Corporate Governance Practices (the "CGP Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "HK Listing Rules") except with the following deviation:

Code Provision A.2.1

There was no separation of the role of chairman (the "Chairman") and chief executive officer (the "CEO"). Mr. Luk Kin Peter Joseph was appointed as the Chairman of the Company on 16 February 2009 and assumed the role of both the Chairman and the CEO of the Company as this structure was considered more suitable to the Company at this fast development stage because it could promote the efficient formulation and implementation of the Company's strategies.

As the Group's business becomes more diversified, the Board will review the needs of appointing suitable candidate to assume the role of the CEO when necessary.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted 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 as its own code of conduct regarding securities transactions by the Directors of the Company. Having made specific enquiries to all Directors of the Company, all Directors confirmed that they had complied with the required standard set out in the Model Code throughout the year under review.

AUDIT COMMITTEE

The Audit Committee comprises of three independent non-executive directors, Messrs. Lau Kwok Kuen, Eddie, Uwe Henke Von Parpart and Yip Kwok Cheung, Danny. Mr. Lau is the chairman of the Audit Committee. The Audit Committee has adopted the terms of references which are in line with the CGP Code. The Audit Committee has reviewed the Group's annual results for the year ended 31 December 2010.

APPRECIATION

The Board wishes to take this opportunity to express gratitude to our employees for their contribution and dedication to the Group. We also thank our shareholders, customers and suppliers for their continuous support.

By order of the Board
Wah Nam International Holdings Limited
Luk Kin Peter Joseph
Chairman

24 March 2011, Hong Kong

As at the date of this announcement, the Board of the Company comprises Mr. Luk Kin Peter Joseph and Mr. Chan Kam Kwan, Jason as executive Directors, and Mr. Lau Kwok Kuen, Eddie, Mr. Uwe Henke Von Parpart and Mr. Yip Kwok Cheung, Danny as independent non-executive Directors.