華南

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

(Incorporated in Bermuda with limited liability)

(Stock Code: 159)

2009 INTERIM RESULTS ANNOUNCEMENT

The board of directors (the "Board") of Wah Nam International Holdings Limited (the "Company") announces the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2009, together with the comparative figures for the corresponding period in 2008. The unaudited consolidated interim results have been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

		For the six months ended 30 June	
		2009	2008
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Continuing operations:			
Revenue	*3*	**41,988**	45,190
Direct costs		**(41,710)**	(37,749)
Gross profit		**278**	7,441
Selling and administrative expenses		**(15,059)**	(13,692)
Other income		**10,166**	326
Other losses, net		**(126)**	(14,061)
Finance costs		**(14,940)**	(3,569)
Loss before income tax		**(19,681)**	(23,555)
Income tax credit	*5*	**165**	456
Loss for the period from continuing operations		**(19,516)**	(23,099)
Discontinued operation:			
Loss for the period from discontinued operation		**—**	(1,755)
Loss for the period	*6*	**(19,516)**	(24,854)

	Notes	For the six months ended 30 June 2009 HK$'000 (unaudited)	2008 HK$'000 (unaudited)
Other comprehensive income:			
Exchange differences arising on the translation of foreign operation		**(1,182)**	9,223
Fair value gain on available-for-sale investment		**9,882**	—
Other comprehensive income for the period (net of tax)		**8,700**	9,223
Total comprehensive income for the period		**(10,816)**	(15,631)
Loss for the period attributable to:			
Owners of the Company		**(18,902)**	(24,246)
Minority interests		**(614)**	(608)
		(19,516)	(24,854)
Total comprehensive income attributable to:			
Owners of the Company		**(10,088)**	(15,023)
Minority interests		**(728)**	(608)
		(10,816)	(15,631)
Loss per share	*7*		
From continuing and discontinued operations			
— Basic (HK cents)		**(1.03)**	(2.78)
— Diluted (HK cents)		**N/A**	N/A
From continuing operations			
— Basic (HK cents)		**(1.03)**	(2.65)
— Diluted (HK cents)		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2009

	Notes	**30 June 2009 *HK$'000* (unaudited)**	31 December 2008 *HK$'000* (audited)
Non-current assets			
Mining right		**982,803**	987,005
Property, plant and equipment		**81,919**	86,024
Goodwill		**49,719**	49,719
Intangible asset		**9,273**	14,421
Deferred tax assets		**966**	966
Available-for-sale investment		**146,156**	—
Other non-current assets		**7,742**	8,419
		1,278,578	1,146,554
Current assets			
Inventories		**6,774**	7,379
Trade receivables	*8*	**12,342**	12,246
Other receivables, deposits and prepayments		**9,166**	7,232
Amount due from a related party		**1,149**	1,500
Financial assets at fair value through profit or loss		**2,768**	2,894
Cash and cash equivalents		**25,808**	59,757
		58,007	91,008
Current liabilities			
Trade payables	*9*	**9,838**	10,667
Other payables and accrued charges		**44,712**	40,008
Amounts due to directors		**—**	305
Bank borrowings due within one year		**27,469**	30,131
Obligations under finance leases		**2,067**	1,739
		84,086	82,850
Net current (liabilities) assets		**(26,079)**	8,158
Total assets less current liabilities		**1,252,499**	1,154,712
Capital and reserves			
Share capital		**249,107**	151,534
Reserves		**760,579**	610,018
Equity attributable to owners of the Company		**1,009,686**	761,552
Minority interests		**95,775**	96,503
Total equity		**1,105,461**	858,055
Non-current liabilities			
Obligations under finance leases		**2,084**	2,230
Amount due to a related party		**20,167**	23,829
Convertible notes		**117,724**	262,828
Deferred tax liabilities		**6,591**	7,298
Provision for restoration costs		**472**	472
		147,038	296,657
		1,252,499	1,154,712

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost basis, except for certain properties and financial instruments that are measured at revalued amounts or fair values, as appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations ("new or revised HKFRSs") issued by HKICPA, which are effective for the Group's financial year beginning on 1 January 2009.

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure. HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor Standard, HKAS 14 *Segment Reporting*, required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments.

The application of HKFRS 8 has not resulted in redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 (see note 4). The adoption of the new and revised HKFRSs has had no material effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recongised.

The Group has not early applied the following new or revised standards, amendments or interpretation that have been issued but are not yet effective:

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[2]
HKAS 27 (Revised in 2008)	Consolidated and Separate Financial Statements[1]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters[3]
HKFRS 2 (Amendments)	Group cash-settled share-based payments transactions[3]
HKFRS 3 (Revised in 2008)	Business Combinations[1]
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC)-Int 18	Transfers of Assets from Customers[4]

1 Effective for annual periods beginning on or after 1 July 2009.

2 Amendments that are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate.

3 Effective for annual periods beginning on or after 1 January 2010.

4 Effective for transfers on or after 1 July 2009.

The adoption of HKFRS 3 (Revised 2008) may affect the Group's accounting for business combinations for which the acquisition dates are on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised 2008) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary that do not result in loss of control of the subsidiary. Changes in the Group's ownership interest that do not result in loss of control of the subsidiary will be accounted for as equity transactions. The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. REVENUE

Revenue represents the amounts received and receivable for providing limousine and airport shuttle rental services, sales of mineral ore products and amounts of toll receipts generated from the toll road during the period. An analysis of the Group's revenue for the period, for both continuing and discontinued operations, is as follows:

	For the six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Continuing operations		
Income from limousine rental services	**29,899**	36,339
Income from airport shuttle rental services	**6,568**	8,851
Sales of copper, lead and zinc ore concentrates	**5,521**	—
	41,988	45,190
Discontinued operation		
Toll receipts	**—**	3,242
	—	3,242
	41,988	48,432

4. SEGMENTAL INFORMATION

The Group has adopted HKFRS 8 *Operating Segments* with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. In contrast, the predecessor standard (HKAS 14, *Segment Reporting*) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

Business segment information is chosen as the primary reporting format because this is more consistent with the Group's internal financial reporting.

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 rental services	—	provision of airport shuttle rental 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

The Group was also involved in the management and operation of a toll road in the PRC. That operation was discontinued on 26 September 2008.

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

	For the six months ended 30 June 2009				
	Limousine rental services	**Airport shuttle rental services**	**Mining operation**	**Others**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
	(unaudited)	**(unaudited)**	**(unaudited)**	**(unaudited)**	**(unaudited)**
Revenue					
Segment revenue	**29,899**	**6,568**	**5,521**	**—**	**41,988**
Result					
Segment results	**(2,892)**	**(769)**	**(6,153)**	**(126)**	**(9,940)**
Unallocated revenue					**10,011**
Unallocated expenses					**(4,812)**
Finance costs					**(14,940)**
Loss before income tax					**(19,681)**
Income tax credit					**165**
Loss for the period					**(19,516)**

	For the six months ended 30 June 2008			
	Continuing operations			Discontinued operation
	Limousine rental services	Airport shuttle rental services	Total	Toll road operation
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue				
Segment revenue	36,339	8,851	45,190	3,242
Result				
Segment results	(2,423)	255	(2,168)	(1,627)
Unallocated revenue			326	—
Unallocated expenses			(18,144)	—
Finance costs			(3,569)	—
Loss before income tax			(23,555)	(1,627)
Income tax credit			456	(128)
Loss for the period			(23,099)	(1,755)

The following is an analysis of the Group's assets by business segment:

	As at 30 June 2009				
	Limousine rental services	**Airport shuttle rental services**	**Mining operation**	**Others**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
	(unaudited)	**(unaudited)**	**(unaudited)**	**(unaudited)**	**(unaudited)**
Segment assets	**122,299**	**18,105**	**1,031,109**	**151,556**	**1,323,069**
Other unallocated assets					**13,516**
Consolidated total assets					**1,336,585**

	As at 31 December 2008				
	Limousine rental services	Airport shuttle rental services	Mining operation	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)	(audited)	(audited)
Segment assets	133,404	22,366	1,037,717	6,088	1,199,575
Other unallocated assets					37,987
Consolidated total assets					1,237,562

5. INCOME TAX CREDIT

	For the six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Continuing operations		
Hong Kong Profits Tax	**508**	1,199
PRC Enterprise Income Tax	**65**	181
	573	1,380
Deferred tax:		
Original and reversal of temporary differences	**(738)**	(1,836)
	(165)	(456)
Discontinued operation		
PRC Enterprise Income Tax:		
Current year	—	328
	—	328

Hong Kong Profits Tax is calculated at 16.5% (2008: 16.5%) of the estimated profit for the period.

PRC income tax charge represents the PRC Enterprise Income Tax paid or payable during the period. Enterprise Income Tax in the PRC has been provided at the prevailing rate of 25% (2008: 25%) on the estimated assessable profit applicable to the Company's subsidiaries established in the PRC.

6. LOSS FOR THE PERIOD

Loss for the period has been arrived at after crediting (charging) the following items:

	For the six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
Charging:		
Cost of inventories	**6,064**	—
Amortisation of toll road operation rights (included in direct costs)	**—**	2,685
Amortisation of intangible assets (included in direct costs)	**5,148**	5,148
Amortisation of mining right (included in direct costs)	**3,025**	—
Impairment loss on assets of the disposal group classified as held for resales	**—**	14,061
Depreciation of property, plant and equipment	**6,509**	5,118
Directors' emoluments	**516**	224
Retirement benefit scheme contributions	**792**	792
Other staff costs	**12,511**	14,345
Total staff costs	**13,819**	15,361
Operating lease rentals in respect of office premises	**1,925**	2,429
Loss on disposal of fixed assets	**100**	50
Crediting:		
Interest income	**16**	142
Exchange gain	**9,998**	—

7. LOSS PER SHARE

From continuing and discontinuing operations

The calculation of basic and diluted loss per share attributable to the owners of the Company is based on the following data:

(a) Basic

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

	For the six months ended 30 June	
	2009	2008
	(unaudited)	(unaudited)
Weighted average number of shares in issue *(thousands)*	**1,843,320**	871,623
Loss from continuing operations attributable to owners of the Company *(HK$ thousands)*	**(18,902)**	(23,099)
Basic loss per share from continuing operations attributable to owners of the Company *(HK cents per share)*	**(1.03)**	(2.65)
Loss from discontinued operation attributable to owners of the Company *(HK$ thousands)*	**—**	(1,147)
Basic loss per share from discontinued operation attributable to owners of the Company *(HK cents per share)*	**—**	(0.13)
Loss attributable to owners of the Company *(HK$ thousands)*	**(18,902)**	(24,246)
Basic loss per share attributable to owners of the Company *(HK cents per share)*	**(1.03)**	(2.78)

(b) Diluted

Diluted loss per share is the same as basic loss per share for the year period 30 June 2009 and 2008 because the effects of the assumed conversion of the convertible notes of the Company during these periods were anti-dilutive.

8. TRADE RECEIVABLES

The Group's credit terms granted to customers of limousine and airport shuttle rental services range between 45 days and 60 days. An aged analysis of the trade receivables at the balance sheet dates is as follow:

	2009	2008
	HK$'000	*HK$'000*
0 — 30 days	**9,470**	6,581
31 — 60 days	**1,677**	4,075
61 — 90 days	**869**	898
Over 90 days	**326**	692
	12,342	12,246

9. 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 60 days. The following is an aged analysis of trade payables of the Group at the balance sheet dates:

	2009	2008
	HK$'000	*HK$'000*
0 — 30 days	**2,852**	2,696
31 — 60 days	**1,248**	1,629
61 — 90 days	**—**	1,810
Over 90 days	**5,738**	4,532
	9,838	10,667

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2009 (2008: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Financial Review

The Group recorded total consolidated revenue for the period of HK$42.0 million, of which HK$36.5 million was arisen from the provision of limousine and airport shuttle rental services and HK$5.5 million was arisen from the sales of copper, lead and zinc ore concentrates. Overall, the Group's total consolidated revenue from continuing operations has slightly dropped by HK$3.2 million as compared to last year's total consolidated revenue of HK$45.2 million.

Loss attributable to shareholders was improved by 21.9% to HK$18.9 million as compared to HK$24.2 million for the same period 2008.

Other than the above two major business segments, during the period the Group has also invested in an overseas mining company. The Group has acquired approximately 13.7% of Brockman Resources Limited ("BRM"), a company listed on the Australian Securities Exchange, for a total consideration of approximately HK$126.4 million.

As of 30 June 2009, the market value of such equity investment was approximately HK$146.2 million and was accounted for as available-for-sale investment. Due to the appreciation of Australian dollars, an exchange gain of approximately HK$10.0 million was recognized in the profit and loss statement for the period.

Provision of limousine and airport shuttle transportation services

During the period, our limousine and airport shuttle rental operations carried out by our subsidiary group, Perryville Group, has contributed approximately HK$36.5 million to the Group's overall revenue, representing a decrease of approximately 19.3% as compared to HK$45.2 million reported last period, and recorded segment operating profit before amortisation of intangible assets of approximately HK$1.5 million, representing a drop of HK$1.5 million as compared to last period's profit before such amortisation of HK$3.0 million.

As the business environment and the overall economy are recovering, it is expected that the limousine and airport shuttle rental operations will continue to make contribution to the Group.

Mining Operation

The Group has successfully completed the acquisition of Smart Year Investments Limited and its subsidiary ("Smart Year Group") in September 2008.

Smart Year Group is principally engaged in exploitation, processing and sale of copper, lead, zinc, arsenic, silver and other mineral resources, through the operations of Luchun Xingtai Mining Co., Ltd.

Smart Year Group has contributed approximately HK$5.5 million to the Group's overall revenue for the period, and a loss before amortisation of mining right of approximately HK$3.1 million in the preliminary stage of production with the sales of copper ore concentrates restarted since May 2009.

PROSPECT AND COMPANY STRATEGY

The performance of limousine rental and airport shuttle services business both in Hong Kong and the PRC is recovering following the recovery of the recent economic recession. The Perryville Group has managed to obtain the relevant licenses in Shanghai recently and has also signed cooperative agreement with certain major hotels in Shenzhen, Guangzhou, Shanghai and Beijing. The management will take a prudent approach in such recovering economy to balance the risk exposure and return.

Given the strong and sustainable growth momentum of the PRC economy after the financial crisis and the continuous development of the cities, infrastructure and real estate sectors, demand for mineral resources and their related products will continue to grow robustly. The management is very optimistic about the future prospects and demand for natural resources.

Apart from the PRC, we are also actively seeking opportunities to establish footsteps, including investments, to other countries which have abundant natural mineral resources. We aim at becoming a globally competitive mining company.

During the period, the Group has acquired approximately 13.7% of BRM. We believe that our investment in BRM will bring positive return to our shareholders and will continue to explore more investments or acquisition opportunities in the mining operating.

Fund raising activities such as debt financing or capital placement will be considered by the management from time to time, in order to formulate the best alternative to maximize the return of our shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its short term funding requirements with cash generated from operation, credit facilities from suppliers and banking facilities provided by our principal bankers.

During the period, the Group has also raised net proceeds of HK$99.1 million through the placement of 111.5 million new ordinary shares on 23 June 2009. The Group has utilized part of the proceeds to finance the acquisition of shares in BRM.

Save as above, there is no significant change in the working capital structure for this period, the current ratio for the period is measured at 0.69 times as compared to 1.10 times reported in December 2008.

The gearing ratio for the period (Long term debts over Equity and long term debts) is measured at 0.11 as compared to 0.25 recorded as at December 2008. As at 30 June 2009, the Group has total bank and other borrowing amounted to approximately HK$31.6 million, all of which are secured, approximately HK$29.5 million is due within one year and the balance of HK$2.1 million is due more than one year. All of the borrowings are denominated in Hong Kong dollars.

During the period, the Group did not engage in the use of any other financial instruments for hedging purposes, and there was no hedging instrument outstanding as at 30 June 2009.

CAPITAL STRUCTURE

During the period, the Company has the following movement in the share capital:

(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 proceed of approximately HK$99.1 million.

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

(c) During the period, convertible notes with principal amounts of HK$222,492,000 were converted into shares of HK$0.10 each in the Company at the conversion price of HK$0.30 per share. Accordingly, a total of 741,640,000 ordinary shares of HK$0.10 per share were issued.

CHARGE OF ASSETS

As at 30 June 2009, motor vehicles with an aggregate carrying value of approximately HK$26,699,000 of a subsidiary of the Company were charged to secure general banking facilities granted to the subsidiary.

CONTINGENT LIABILITIES

The Group has no contingent liabilities as at 30 June 2009.

STAFF AND REMUNERATION

As at 30 June 2009, the Group employed approximately 404 full time employees (30 June 2008: 241), of which approximately 297 were in the PRC. The remuneration of employees includes salary and discretionary bonus. The Group also adopted a share option scheme to provide an incentive to the employees.

The remuneration policy and package, include the share options, of the Group's employees are maintained at market level and reviewed annually by the management.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the six months ended 30 June 2009, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed shares of the Company.

COMPLIANCE OF THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with its own code on corporate governance practices which incorporated all code provisions in the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") (the "CGP Code") throughout the six months ended 30 June 2009, 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 of 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") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by directors of the Company. Having made specific enquiry of all directors of the Company, all directors have confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2009.

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 reference which are in line with the CGP Code. The Audit Committee has reviewed the Group's interim results for the six months ended 30 June 2009.

By order of the Board
Luk Kin Peter Joseph
Chairman

14 September 2009, Hong Kong

As at the date of this announcement, the Board 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.

* *For identification purpose only*