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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2011

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 2011, together with the comparative figures for the corresponding period in 2010. The unaudited consolidated interim results have been reviewed by the Company's Audit Committee and the Company's independent auditor.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

		Six months ended 30 June	
		2011	2010
	Note	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**67,984**	55,189
Direct costs	*5*	**(59,414)**	(45,349)
Gross Profit		**8,570**	9,840
Other income		**3,201**	295
Other gains/(losses), net	*6*	**513,243**	(210)
Selling and administrative expenses	*5*	**(48,114)**	(25,866)
Exploration and evaluation expenses		**(17,678)**	(511)
Impairment of mining right		**—**	(153,000)
Finance costs		**(828)**	(3,286)
Profit/(Loss) before income tax		**458,394**	(172,738)
Income tax credit/(expense)	*7*	**82**	(264)
Profit/(Loss) for the period		**458,476**	(173,002)

* *For identification purpose only*

	Note	Six months ended 30 June 2011 HK$'000 (Unaudited)	2010 HK$'000 (Unaudited)
Other comprehensive income:			
Exchange differences arising on translation of foreign operations		**85,800**	11,403
Change in fair value on available-for-sale investments, net of tax		**(175,560)**	(35)
Release of deferred tax upon step acquisitions		**125,559**	—
Release of available-for-sale investments reserve upon step acquisitions		**(513,243)**	—
Other comprehensive (loss)/income for the period		**(477,444)**	11,368
Total comprehensive loss for the period		**(18,968)**	(161,634)
Profit/(Loss) for the period attributable to:			
Equity holders of the Company		**466,189**	(157,363)
Non-controlling interests		**(7,713)**	(15,639)
		458,476	(173,002)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(42,420)**	(147,045)
Non-controlling interests		**23,452**	(14,589)
		(18,968)	(161,634)
Earnings/(Loss) per share attributable to the equity holders of the Company during the period		***HK cents***	*HK cents*
Basic	*8*	**10.95**	(5.58)
Diluted	*8*	**10.93**	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	30 June 2011 HK$'000 (Unaudited)	31 December 2010 HK$'000 (Audited)
Non-current assets			
Mining right		**865,795**	850,616
Property, plant and equipment		**98,568**	87,668
Goodwill		**11,405**	11,405
Intangible assets		**6,050,443**	11,217
Available-for-sale investments		**307,987**	1,545,224
Other non-current assets		**12,130**	8,685
		7,346,328	2,514,815
Current assets			
Inventories		**15,333**	12,164
Trade receivables	*9*	**25,285**	30,013
Other receivables, deposits and prepayments		**22,714**	11,445
Amount due from a related party		**1,156**	1,067
Financial assets at fair value through profit or loss		**—**	5,187
Restricted cash		**5,200**	5,200
Cash and cash equivalents		**565,110**	135,590
		634,798	200,666
Current liabilities			
Trade payables	*10*	**8,421**	12,350
Other payables and accrued charges		**84,663**	46,069
Amounts due to related companies		**10,005**	4,368
Bank borrowings due within one year		**42,411**	41,622
Obligations under finance leases		**3,453**	1,951
		148,953	106,360
Net current assets		**485,845**	94,306
Total assets less current liabilities		**7,832,173**	2,609,121

	Note	30 June 2011 HK$'000 (Unaudited)	31 December 2010 HK$'000 (Audited)
Equity			
Share capital		**535,542**	392,244
Reserves		**3,268,639**	1,875,371
Equity attributable to the equity holders of the Company		**3,804,181**	2,267,615
Non-controlling interests		**2,164,003**	82,298
Total equity		**5,968,184**	2,349,913
Non-current liabilities			
Obligations under finance leases		**8,636**	2,860
Amount due to a related party		**33,096**	32,360
Deferred income tax liabilities		**1,821,171**	223,499
Provisions		**1,086**	489
		1,863,989	259,208
		7,832,173	2,609,121

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. BASIS OF PREPARATION

This condensed consolidated financial information for the six months ended 30 June 2011 has been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting". The condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2010, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial information has been prepared under the historical cost convention, as modified by the revaluation of available-for-sale investment and financial assets and financial liabilities at fair value through profit or loss.

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2010, as described on those annual financial statements.

(i) Exploration and evaluation costs

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

(ii) Interest in Joint Ventures

The Group's interest in joint ventures is accounted for by recognising the assets that the Group controls and the liabilities that it incurs in the course of pursuing the joint operation, as well as expenses incurred by the Group and the Group's share of income earned from the joint venture, in the consolidated financial statements.

The Group's interest in joint ventures as jointly controlled entities is accounted for using proportionate consolidation. Proportionate consolidation means that the consolidated balance sheet of the Group includes its share of the assets that it controls jointly and its share of the liabilities for which it is jointly responsible. The consolidated income statement of comprehensive income of the Group includes its share of the income and expenses of the jointly controlled entity.

(iii) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised 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 value at the acquisition date.

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

Amortisation for the intangible assets recognised in relation to the mineral assets is provided on the basis of units of production and starts when commercial production commences. Amortisation for the remaining intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

In preparing this condensed consolidated financial information, the significant judgments made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2010, with the exception of the estimates for determining the purchase price allocation of the acquisition of Brockman Resources Limited (the "Brockman").

(a) New and amended standards adopted by the Group

The following new standard and amendment to standard are mandatory for the first time for the financial year beginning 1 January 2011.

- IAS 24 (Revised), "Related Party Disclosures" introduces an exemption from all of the disclosure requirements of IAS 24 for transactions among government related entities and the government. Those disclosures are replaced with a requirement to disclose:

  — The name of the government and the nature of their relationship;

  — The nature and amount of any individually significant transactions; and

  — The extent of any collectively-significant transactions qualitatively or quantitatively.

  It also clarifies and simplifies the definition of a related party. This amendment has no material impact to the Group's financial information.

- Amendment to IAS 34 "Interim Financial Reporting" emphasises the existing disclosure principles in IAS 34 and adds further guidance to illustrate how to apply these principles. Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurement (if significant), and the need to update relevant information from the most recent annual report. The change in accounting policy only results in additional disclosures.

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 six months ended 30 June 2011. An analysis of the Group's revenue for the period is as follows:

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Income from limousine rental services	**53,191**	44,885
Income from airport shuttle bus services	**7,032**	6,889
Sales of copper, lead and zinc ore concentrates	**7,761**	3,415
	67,984	55,189

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.

As a result of the acquisition of subsidiary as described in note 11, a new operating segment, namely, mineral tenements, is formed and the Group's operating segments now comprise the followings:

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

Mineral tenements — mineral exploration and tenements acquisition in Australia

Others — investment in equity securities

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

	Six months ended 30 June 2011					
	Limousine rental services *HK$'000* (unaudited)	**Airport Shuttle bus services** *HK$'000* (unaudited)	**Mining operation** *HK$'000* (unaudited)	**Mineral tenements** *HK$'000* (unaudited)	**Others** *HK$'000* (unaudited)	**Total** *HK$'000* (unaudited)
Segment revenue from external customers	**53,191**	**7,032**	**7,761**	**—**	**—**	**67,984**
Segment results	**868**	**112**	**(4,578)**	**(16,241)**	**494,390**	**474,551**
Unallocated income						**20,667**
Unallocated expenses						**(35,996)**
Finance costs						**(828)**
Profit before income tax						**458,394**
Other information:						
Depreciation of property, plant and equipment	**(7,472)**	**(2)**	**(1,683)**	**(26)**	**(145)**	**(9,328)**
Amortisation of intangible asset	**(523)**	**(278)**	**—**	**—**	**—**	**(801)**
Amortisation of mining right	**—**	**—**	**(4,321)**	**—**	**—**	**(4,321)**
Finance cost	**(754)**	**(74)**	**—**	**—**	**—**	**(828)**
Income tax credit/(expense)	**202**	**(120)**	**—**	**—**	**—**	**82**

	Six months ended 30 June 2010					
	Limousine rental services *HK$'000* (unaudited)	Airport Shuttle bus services *HK$'000* (unaudited)	Mining operation *HK$'000* (unaudited)	Mineral tenements *HK$'000* (unaudited)	Others *HK$'000* (unaudited)	Total *HK$'000* (unaudited)
Segment revenue from external customers	44,885	6,889	3,415	—	—	55,189
Segment results	1,741	588	(156,400)	—	—	(154,071)
Unallocated income						21
Unallocated expenses						(15,402)
Finance costs						(3,286)
Loss before income tax						(172,738)
Other information:						
Depreciation of property, plant and equipment	(5,659)	(2)	(1,599)	—	(168)	(7,428)
Impairment of mining right	—	—	(153,000)	—	—	(153,000)
Amortisation of intangible asset	(523)	(278)	—	—	—	(801)
Amortisation of mining right	—	—	(1,257)	—	—	(1,257)
Finance costs	(606)	(98)	—	—	(2,582)	(3,286)
Income tax expense	(264)	—	—	—	—	(264)

The following is an analysis of the Group's assets by operating segment as at the respective balance sheet dates:

	30 June 2011					
	Limousine rental services *HK$'000* **(unaudited)**	**Airport shuttle bus services** *HK$'000* **(unaudited)**	**Mining operation** *HK$'000* **(unaudited)**	**Mineral tenements** *HK$'000* **(unaudited)**	**Others** *HK$'000* **(unaudited)**	**Total** *HK$'000* **(unaudited)**
Segment assets	**115,519**	**25,933**	**925,882**	**6,503,672**	**308,055**	**7,879,061**
Unallocated assets						**102,065**
Total assets						**7,981,126**
Total segment assets include:						
Additions of property, plant and equipment arising from acquisition of subsidiary	—	—	—	**2,325**	—	**2,325**
Additions of property, plant and equipment during the period	**13,873**	—	**2,938**	—	**2**	**16,813**
Additions of intangible assets arising from acquisition of subsidiary	—	—	—	**5,955,062**	—	**5,955,062**

	31 December 2010					
	Limousine rental services *HK$'000* (Audited)	Airport shuttle bus services *HK$'000* (Audited)	Mining operation *HK$'000* (Audited)	Mineral tenements *HK$'000* (Audited)	Others *HK$'000* (Audited)	Total *HK$'000* (Audited)
Segment assets	109,555	26,486	905,272	—	1,553,570	2,594,883
Unallocated assets						120,598
Total assets						2,715,481
Total segment assets include:						
Additions of property, plant and equipment during the period	18,331	—	2,100	—	—	20,431
Additions of available-for-sale investments	—	—	—	—	572,989	572,989

5. EXPENSES BY NATURE

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Cost of inventories	**3,269**	1,309
Amortisation of intangible asset (included in direct costs)	**801**	801
Amortisation of mining right (included in direct costs)	**4,321**	1,257
Depreciation of property, plant and equipment	**9,328**	7,428
Staff costs *(note)*	**22,704**	19,255
Operating lease rentals in respect of office premises	**2,826**	1,530
Loss on disposal of property, plant & equipment	**238**	170
Motor vehicles rental charges	**12,713**	10,410
Professional fees for takeover bids	**22,806**	—

Note:

Staff costs include:

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Directors' emoluments	**1,224**	952
Retirement benefit scheme contributions	**717**	834
Share-based compensation	**745**	1,768
Other staff costs	**20,018**	15,701
	22,704	19,255

6. OTHER GAINS/(LOSSES), NET

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Unrealised loss on financial assets at fair value through profit or loss	**—**	(210)
Release of available-for-sale investments reserve upon step acquisitions *(note)*	**513,243**	—
	513,243	(210)

Note:

Upon the completion of step acquisition of Brockman, the cumulative gain of avaliable-for-sale investments of HK$513,243,000 recognised in the avaliable-for-sale investment reserves had been released to the income statement.

7. INCOME TAX (CREDIT)/EXPENSE

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Current income tax:		
Hong Kong Profits Tax		
Current period	**307**	742
Under provision in prior periods	**12**	—
Deferred income tax:		
Origination and reversal of temporary differences	**(401)**	(478)
	(82)	264

Hong Kong Profits Tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profit for the period.

No provision for PRC Enterprise Income Tax has been made as the Company's subsidiary established in PRC has no assessable profits arising in PRC during the period (2010: Nil).

No provision for Australian Income Tax has been made as the Company's subsidiaries established in Australia has no assessable profits arising in Australia during the period (2010: Nil).

8. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

	Six months ended 30 June	
	2011	2010
	(unaudited)	(unaudited)
Profit/(Loss) for the period attributable to the equity holders of the Company *(HK$'000)*	**466,189**	(157,363)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating the basic earnings/(loss) per share *(thousands)*	**4,259,313**	2,823,328
Adjustment of share options *(thousands)*	**4,377**	2,703
Weighted average number of ordinary shares for the purpose of calculating the diluted earnings/(loss) per share *(thousands)*	**4,263,690**	2,826,031
Earnings/(Loss) per share attributable to the equity holders of the Company		
Basic *(HK cents)*	**10.95**	(5.58)
Diluted *(HK cents)*	**10.93**	N/A

For the period ended 30 June 2010, the effect of assumed conversion of the convertible notes and the share options of the Company was anti-dilutive.

9. TRADE RECEIVABLES

The Group's credit terms granted to customers of limousine rental and airport shuttle bus services range between 60 days and 90 days. Before accepting any new customers, the Group will understand 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 invoice date at respective balance sheet dates are as follows:

	30 June 2011	31 December 2010
	HK$'000	*HK$'000*
	(unaudited)	(Audited)
0 — 30 days	**10,966**	11,061
31 — 60 days	**7,631**	10,017
61 — 90 days	**3,217**	5,246
Over 90 days	**3,471**	3,689
	25,285	30,013

10. TRADE PAYABLES

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

	30 June 2011 *HK$'000* **(unaudited)**	31 December 2010 *HK$'000* (Audited)
0 — 30 days	**3,706**	6,273
31 — 60 days	**2,138**	2,332
61 — 90 days	**1,133**	1,411
Over 90 days	**1,444**	2,334
	8,421	12,350

11. BUSINESS COMBINATION

Prior to the commencement of the takeover bid, the Group was a substantial shareholder of Brockman, holding 32,347,405 ordinary shares, representing 22.34% of the entire issued and paid up capital in Brockman. On 16 June 2011, the Group completed the acquisition of an additional 32.99% equity interest in Brockman by allotment and issue of 1,432,980,840 ordinary shares as consideration for the acquisition and control over Brockman passed to the Group on the same date. This acquisition has been accounted for using the acquisition method, as shown below:

	HK$'000 (unaudited)
Consideration transferred *(note a)*	2,549,431
Plus: Non-controlling interests *(note b)*	2,058,253
Less: Net identifiable assets acquired *(note c)*	(4,607,684)
	—

Notes:

(a) The consideration for the acquisition comprises the following:

	HK$'000 (unaudited)
Consideration shares *(note i)*	1,576,279
Fair value of previously held interest in Brockman *(note ii)*	973,152
Total consideration	2,549,431

Notes:

(i) The fair value of the 1,432,980,840 ordinary shares issued by the Company has been determined using the opening share price of the Company as at 16 June 2011. The issue of shares represents a major non-cash transaction of the Company for the period.

(ii) The previously held interest of 22.34% in Brockman held by the Group prior to the completion of acquisition was recognised as available-for-sale investments. The fair value has been re-measured as HK$973,152,000, using the opening share price of Brockman as at 16 June 2011. The cumulative fair value gain recognised in the available-for-sale investments reserve of HK$513,243,000 has been released to the income statement as "Other gains/(losses), net".

(b) Non-controlling interests are measured at the non-controlling interests' proportionate share (44.67%) of the fair value of net identifiable assets acquired at the date of acquisition.

(c) Recognised amounts of identifiable assets acquired and liabilities assumed at the date of acquisition are as follows:

	Provisional fair value *HK$'000* (unaudited)
Plant and equipment	2,325
Intangible assets *(note)*	5,955,062
Cash and bank balance	482,964
Other receivables	14,717
Other payables	(57,576)
Provision for employee benefits	(3,289)
Deferred tax liabilities	(1,786,519)
Net identifiable assets acquired	4,607,684

Note:

Intangible assets, being the mineral assets comprising the exploration projects in Australia, including the Marillana project and other explorations projects undertaken by Brockman, were valued as of date of acquisition with reference to the advice obtained from an independent valuer.

(d) The acquisition-related costs of the above transaction amounting to HK$22,806,000 have been excluded from the consideration transferred and have been recognised as an expense in the condensed consolidated statement of comprehensive income (included in administrative expenses) in the current period.

(e) The acquired business contributed to net loss of HK$16,241,000 for the period from 16 June 2011 to 30 June 2011 to the condensed consolidated statement of comprehensive income. If the acquisition had occurred on 1 January 2011, consolidated loss for the half-year ended 30 June 2011 would have been HK$197,256,000.

INTERIM DIVIDEND

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30 June 2011 (2010: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Financial Highlights

The consolidated revenue of the Group for the six months ended 30 June 2011 increased by 23.2% to approximately HK$68.0 million as compared to the corresponding period last year (2010: HK$55.2 million), of which approximately HK$60.2 million (2010: HK$51.8 million) was contributed by the provision of limousine rental and airport shuttle bus services and approximately HK$7.8 million (2010: HK$3.4 million) was contributed by the sales of copper ore concentrates. As at 30 June 2011, the Group's net asset value amounted to HK$5,968.2 million (31 December 2010: HK$2,350.0 million) and cash and bank balances, including restricted cash, amounted to HK$570.3 million (31 December 2010: HK$140.8 million).

Profit attributable to equity holders of the Company amounted to HK$466.2 million for the period, representing a significant turnover from the HK$157.4 million loss reported in the same period last year, mainly attributable to the gain arisen from the accounting treatment as a result of the business combination. Basic earnings per share for the six months were HK10.95 cents, improved significantly from a loss per share of HK5.58 cents in last year's corresponding period.

The Takeover Offers

Wah Nam International Australia Pty. Ltd. ("Wah Nam Australia"), a wholly-owned subsidiary of the Company, lodged two Takeover Offers simultaneously to acquire all of the outstanding shares of Brockman and FerrAus (ASX: FRS) that the Group (i.e. the Company and its subsidiaries) did not already own, through all-scrip bids. The respective bidder's statements were lodged and despatched on 15 December 2010, marking the official commencement of the Takeover Offers.

On 16 June 2011, Wah Nam Australia has successfully accumulated a total of 55.33% equity interest in Brockman, thus Brockman has become a subsidiary of the Group on that date. As a result of the takeover offer to Brockman shares, a total of 1,432,980,840 ordinary shares of the Company have been issued and allotted to the Brockman shareholders (representing approximately 32.99% of the equity interest of Brockman) who have accepted the offer. Mr. Warren Beckwith (a director of Wah Nam Australia) and Mr. Hendrianto Tee (Chief Investment Officer of the Company) were appointed as non-executive directors to Brockman board. A joint Brockman and Company release to the Australian Securities Exchange was made on 17 June confirming commitment to Brockman's existing business strategy to develop Marillana Project as a significant, viable iron ore project.

The takeover offer for Brockman was declared unconditional during May 2011, followed by payment of consideration in batches. All relevant consideration shares for the Brockman takeover offer were issued during this period. In the consolidation of Wah Nam and Brockman, the board looks forward to synergize all the available expertise for the benefit of progressing with the projects, in particular the Marillana Project, in a timely manner.

On 27 June 2011, an announcement was published by FerrAus in relation to the proposed Asset Acquisition and Placement transactions to Atlas Iron Limited (Atlas). The proposed Asset Acquisition involves the acquisition of the South East Pilbara iron ore assets from Atlas by FerrAus for 121,846,154 FerrAus shares at a deemed issue price of A$0.65 per share; and the Placement transaction involves the subscription by Atlas of 37,439,785 FerrAus shares at an issue price of A$0.65 per share to raise A$24.3 million for FerrAus. At the completion of Asset Acquisition and Placement transactions which require FerrAus shareholders' approval, Atlas will bid for remaining FerrAus shares that it does not own with an offer of 1 Atlas share for every 4 FerrAus shares. As a result of the announcement by FerrAus, Wah Nam has relied on the defeating conditions and caused the takeover offer for FerrAus to lapse by 15 July 2011. As a 16.4% shareholder in FerrAus, the Company has expressed its objection to the proposed Asset Acquisition and Placement transactions.

On 29 August 2011, FerrAus made an announcement in relation to the result of the company's shareholders General Meeting, which passed the resolutions for the Asset Acquisition and Placement. As a result, the Company's holding in FerrAus will be diluted to 10.01% following the issuance of shares by FerrAus for the purpose of Asset Acquisition and Placement.

Limousine rental services and airport shuttle bus services business

The limousine rental and airport shuttle bus services segments are operated by Parklane Limousine Service Limited and Airport Shuttle Services Limited, both operations are wholly owned by Perryville Group Limited (collectively the "Perryville Group").

The financial performance of Perryville Group, which marked the results of our limousine rental and airport shuttle bus operations, contributed approximately 88.6% of the overall revenue of the Group. Revenue for the six months ended 30 June 2011 amounted to HK$60.2 million (2010: HK$51.8 million), an increment of approximately 16.2% when compared to last corresponding period. The increase was attributed to the surging demand for limousine rental services in both Hong Kong and PRC, resulting from the booming travel industry in these areas during the current period. The increase however, was partially offset by higher fuel consumption and staff costs due to inflationary pressures in the first half of 2011. The segment pre-tax profit for the six months narrowed to HK$1.0 million from HK$2.3 million in the last corresponding period.

We will continue to monitor the situation and formulate the best business strategy so as to optimize our overall profit margin.

Mining Operation

Luchun Xingtai Mining Co. Limited

The Group's mining business mainly comprises the exploitation, processing and sales of copper, lead, zinc, arsenic, silver and other mineral resources, through 90% subsidiary of the Group, Luchun Xingtai Mining Co., Ltd. ("Luchun Xingtai").

Production and operation results for the financial period were summarised as follows:

	Six months ended 30 June 2011	Six months ended 30 June 2010
Copper ore processed	**10,893 tonnes**	20,356 tonnes
Production of Copper Ore Concentrates	**61 Metal (t)**	125 Metal (t)
Sales of Copper Ore Concentrates	**143 Metal (t)**	74 Metal (t)
Average selling price per Metal (t) (without VAT)	**RMB49,300**	RMB40,500

During the period, Luchun Xingtai has contributed revenue of approximately HK$7.8 million (2010: HK$3.4 million), and the loss before amortisation and impairment of mining right was approximately HK$0.3 million (2010: HK$2.1 million). The production volume of copper ore concentrates was approximately 61 metal tonnes (2010: 125 metal tonnes) and sales of the copper ore concentrates was approximately 143 metal tonnes (2010: 74 metal tonnes).

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

Total expenditure associated with the mining operation during the period amounted to approximately HK$8.0 million (2010: HK$5.6 million).

In February 2011, the Yunnan provincial government had implemented an electric power brownout over our mining site for purpose of installing and rerouting of power supply from the power station to our mine site to facilitate the power transmission, ultimately to upgrade and increase the supply capacity. As a result, only 200 kilo-watts were being transmitted daily to our mining site, far below the specified operating range of our ore processing plant. Production of copper ore was therefore halted during the period of electric power cutback from February 2011 onwards. According to the latest notice from the provincial electricity supply company, the installation works has been delayed and targeted to be completed by end of August 2011 due to the rainy season in the area of Damajianshan. Since it is the Group's plan to continue to focus on exploration activities this year, the temporary disruption of power supply will not cause material impact to our overall production plan during the year. Moreover, as the revenue contributed by the Damajianshan mine only represents a minor portion of the Group's overall income, the management does not consider the temporary decrease in revenue in our mining operation will have material impact to the Group's overall financial position. The management expects that our production will be resumed back to normal by early of September 2011.

The Company has also invested in a set of new crushing and screening machines with better crushing strength to enhance production and reduce spoilage. The entire installation process has been completed and taking into account the upgraded and increased electric power supply capacity in the future, the management believes that our future production capacity can be significantly improved in the long run.

During the period, an environmental and safety assessment has been carried out and a defined written code on safety measures have been compiled to keep miners aware of the all possible danger spots in the mine and the plant. The mine safety analysis will serve as guideline for improving the mining design to enhance occupation safety for workers.

Brockman Resources Limited

Marillana Project Activities

Total expenditure associated with the mineral exploration operation for the period from date of acquisition to 30 June 2011 amounted to approximately HK$17.4 million.

The Bankable Feasibility Study (BFS) is progressing with the assistance of Evans and Peck, and remains on schedule for completion in Q4 2011. Brockman has continued consolidating the detailed inputs for the Marillana Project BFS and the detailed project schedule has undergone strategic internal review to incorporate the updated Project timeline based on the latest Front End Engineering Design (FEED) engineering, procurement and estimating outcomes. Brockman is targeting to commence early site establishment works in Q4 2011. Dependant on all project construction approvals being in place, the updated overall construction program is currently indicating the process plant will be completed in Q2 2014. UGL Resources Pty Ltd (UGL) has continued to progress being the FEED stage in line with the target completion of BFS.

A formal tender process for the Project Management Contractor (PMC) will be commenced post-completion of FEED, with Brockman targeting an award by the end of Q4 2011 following the positive Financial Investment Decision (FID).

Outlook and likely future developments

The Group will maximize its efforts to move Marillana Project forward to become a producing iron ore mine. The transformation of Marillana Project from an exploration project to project implementation stage and ultimately to production stage will present a positive impact to the Group's overall performance.

The Group will continue to seek for acquisition opportunities on the resources sector. We intend to acquire quality mining assets from around the world to create a globally recognized resources company.

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.

The current ratio as at 30 June 2011 measured at 4.26 times compared to 1.89 times as reported as at 31 December 2010. The gearing ratio as at 30 June 2011 (long-term debts over equity and long-term debts) is measured at 0.01 as compared to 0.01 recorded as at 31 December 2010. As at 30 June 2011, the Group has total bank and other borrowings amounted to approximately HK$54.5 million, all of which are secured, approximately HK$45.9 million was due within one year and the balance of HK$8.6 million was due in 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 financial instruments for hedging purposes, and there was no hedging instrument outstanding as at 30 June 2011.

CAPITAL STRUCTURE

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

(a) Pursuant to the acceptance under the BRM Offer (which was closed on 15 June 2011), a total of 1,432,980,840 ordinary shares were issued as consideration to the BRM Offer in batches.

As at 30 June 2011, the total number of issued shares outstanding for the Company amounts to 5,355,416,325 shares.

Shares Details
Shares on issue
As at 30 June 2011:
5,355,416,325 fully paid shares on issue
15,000,000 options quoted, expiring 30 September 2014

As at the date of the announcement:
5,359,279,403 fully paid shares on issue
15,000,000 options quoted, expiring 30 September 2014

Unquoted securities
As at 30 June 2011:
75,000,000 unlisted options granted
— 9,000,000 share options, expiring on 17 Jan 2014, exercise price HK$1.164
— 27,000,000 share options, expiring on 10 Feb 2014, exercise price HK$1.240
— 39,000,000 share options, expiring on 10 Nov 2013, exercise price HK$2.00

As at the date of the announcement:
500,000 unlisted options have lapsed and the total number of unlisted options outstanding is 74,500,000.
— 8,500,000 share options, expiring on 17 Jan 2014, exercise price HK$1.164
— 27,000,000 share options, expiring on 10 Feb 2014, exercise price HK$1.240
— 39,000,000 share options, expiring on 10 Nov 2013, exercise price HK$2.00

PLEDGE OF ASSETS

At 30 June 2011, the Group pledged the motor vehicles with a carrying value of approximately HK$13,167,000 (31 December 2010: HK$15,093,000) to secure general banking facilities granted to a subsidiary of the Group.

Also, at 30 June 2011, 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. The arrangements were supported by term deposits for the amounts of A$322,000 (equivalent to approximately HK$2,692,000) (31 December 2010: Nil) which were considered restricted cash and classified under non-current assets.

MARKET RISK

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

(a) Commodities Price risk

Copper ore concentrate price:

The Group's revenue and results of the mining business during the period, and the fair value of the Group's mining right was affected by fluctuations in the copper ore concentrate price. All of our mining products were sold at the market price.

Iron ore price:

The fair value of the Group's intangible assets arising from the acquisition were affected by fluctuations in the iron ore price.

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

(b) Exchange rate risk

The Group is exposed to exchange rate risk primarily because our available-for-sale investment is denominated in Australian dollars. Depreciation in Australian dollar may adversely affect our net asset value and earnings when the value of such investment is converted to Hong Kong dollars. During the period, no financial instrument was used for hedging purpose.

STAFF AND REMUNERATION

As at 30 June 2011, the Group employed 482 full time employees (31 December 2010: 507) , of which approximately 351 employees were in the PRC and 18 employees were in Australia. The remuneration of employees includes salary and discretionary bonus. The Group also adopted a share option scheme to provide incentives to the 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 periodically by the management and the remuneration committee, whichever appropriate.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the six months ended 30 June 2011, neither the Company nor any of its subsidiaries purchased, sold or redeemed 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 "Listing Rules") throughout the six months ended 30 June 2011, 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 has been appointed as the Chairman of the Company on 16 February 2009 and has assumed the role of both the Chairman and the CEO of the Company. 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 Chairman or 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 Listing Rules as its own code of conduct regarding securities transactions by directors of the Company. Having made specific enquiry to all directors of the Company, all directors confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2011.

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 (the "Audit Committee"). Mr. Lau Kwok Kuen, Eddie 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 2011.

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

30 August 2011, 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.