# 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 TWELVE MONTHS ENDED 31 DECEMBER 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 twelve months ended 31 December 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 twelve months ended 31 December 2011*

| | | **Twelve months ended 31 December** | |
|---|---|---|---|
| | | **2011** | 2010 |
| | *Note* | ***HK$'000*** | *HK$'000* |
| | | **(Unaudited)** | (Audited) |
| Revenue | *3* | **131,835** | 131,996 |
| Direct costs | *5* | **(119,809)** | (106,792) |
| Gross Profit | | **12,026** | 25,204 |
| Other income | *6* | **17,887** | 168 |
| Other gains, net | *7* | **531,948** | 1,790 |
| Selling and administrative expenses | *5* | **(134,724)** | (95,622) |
| Exploration and evaluation expenses | | **(139,415)** | (933) |
| Impairment of mining right | | **(60,000)** | (153,000) |
| Finance costs | | **(1,763)** | (4,001) |
| Profit/(loss) before income tax | | **225,959** | (226,394) |
| Income tax credit/(expense) | *8* | **280** | (338) |
| Profit/(loss) for the period | | **226,239** | (226,732) |

* *For identification purpose only*

| | Note | Twelve months ended 31 December 2011 HK$'000 (Unaudited) | 2010 HK$'000 (Audited) |
|---|---|---|---|
| **Other comprehensive income:** | | | |
| Exchange differences arising on translation of foreign operations | | **(148,495)** | 32,405 |
| Change in fair value on available-for-sale investments, net of tax | | **(226,666)** | 491,187 |
| Release of deferred tax upon step acquisition | | **125,559** | — |
| Release of deferred tax upon disposal of available-for-sale investments | | **2,874** | — |
| Release of available-for-sale investments reserve upon step acquisition | | **(513,243)** | — |
| Release of available-for-sale investments reserve upon disposal of available-for-sale investments | | **(13,355)** | — |
| Other comprehensive (loss)/income for the period | | **(773,326)** | 523,592 |
| Total comprehensive (loss)/income for the period | | **(547,087)** | 296,860 |
| **Profit/(loss) for the period attributable to:** | | | |
| Equity holders of the Company | | **303,374** | (210,644) |
| Non-controlling interests | | **(77,135)** | (16,088) |
| | | **226,239** | (226,732) |
| **Total comprehensive (loss)/income attributable to:** | | | |
| Equity holders of the Company | | **(389,875)** | 309,987 |
| Non-controlling interests | | **(157,212)** | (13,127) |
| | | **(547,087)** | 296,860 |
| Earnings/(loss) per share attributable to the equity holders of the Company during the period | | ***HK cents*** | *HK cents* |
| Basic | *9* | **6.30** | (5.99) |
| Diluted | *9* | **6.30** | N/A |

## CONDENSED CONSOLIDATED BALANCE SHEET

| | Note | As at 31 December 2011 HK$'000 (Unaudited) | 31 December 2010 HK$'000 (Audited) |
|---|---|---|---|
| **Non-current assets** | | | |
| Mining right | | **819,326** | 850,616 |
| Property, plant and equipment | | **96,794** | 87,668 |
| Goodwill | | **11,405** | 11,405 |
| Intangible assets | | **5,717,292** | 11,217 |
| Available-for-sale investments | | — | 1,545,224 |
| Other non-current assets | | **12,977** | 8,685 |
| | | **6,657,794** | 2,514,815 |
| **Current assets** | | | |
| Inventories | | **27,540** | 12,164 |
| Trade receivables | *10* | **27,239** | 30,013 |
| Other receivables, deposits and prepayments | | **22,003** | 11,445 |
| Amount due from a related party | | **1,538** | 1,067 |
| Financial assets at fair value through profit or loss | | — | 5,187 |
| Restricted cash | | **5,201** | 5,200 |
| Cash and cash equivalents | | **1,137,818** | 135,590 |
| | | **1,221,339** | 200,666 |
| **Current liabilities** | | | |
| Trade payables | *11* | **9,928** | 12,350 |
| Other payables and accrued charges | | **90,103** | 46,069 |
| Deposit received from a shareholder | | **505,694** | — |
| Amounts due to related companies | | **12,929** | 4,368 |
| Bank borrowings | | **34,448** | 41,622 |
| Obligations under finance leases | | **4,556** | 1,951 |
| | | **657,658** | 106,360 |
| **Net current assets** | | **563,681** | 94,306 |
| **Total assets less current liabilities** | | **7,221,475** | 2,609,121 |

| | Note | As at 31 December 2011 HK$'000 (Unaudited) | 31 December 2010 HK$'000 (Audited) |
|---|---|---|---|
| **Equity** | | | |
| Share capital | | **535,928** | 392,244 |
| Reserves | | **2,927,021** | 1,875,371 |
| Equity attributable to the equity holders of the Company | | **3,462,949** | 2,267,615 |
| Non-controlling interests | | **1,987,627** | 82,298 |
| **Total equity** | | **5,450,576** | 2,349,913 |
| **Non-current liabilities** | | | |
| Obligations under finance leases | | **9,518** | 2,860 |
| Amount due to a related party | | **43,127** | 32,360 |
| Deferred income tax liabilities | | **1,717,295** | 223,499 |
| Provisions | | **959** | 489 |
| | | **1,770,899** | 259,208 |
| | | **7,221,475** | 2,609,121 |

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 1. BASIS OF PREPARATION

Pursuant to a resolution of the Board of Directors dated 8 November 2011, the financial year end date of the Group has been changed from 31 December to 30 June to coincide with the financial year end date of the Company's principal operating subsidiaries, which are mainly situated in the Western Australia, and thereby facilitate the preparation of the consolidated financial information of the Group. Accordingly, the current interim financial period covers a twelve-month period from 1 January 2011 to 31 December 2011 and the comparative financial period from 1 January 2010 to 31 December 2010.

This condensed consolidated financial information has been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" and with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange. 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 investments 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 it is incurred, unless its recoupment out of revenue to be derived from the successful development of the prospect, or from sale of that prospect, is assured beyond reasonable doubt.

#### (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 condensed consolidated 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").

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 twelve months ended 31 December 2011. An analysis of the Group's revenue for the period is as follows:

| | Twelve months ended 31 December | |
|---|---|---|
| | **2011** | 2010 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| Income from limousine rental services | **105,198** | 99,903 |
| Income from airport shuttle bus services | **13,465** | 14,667 |
| Sales of copper, lead and zinc ore concentrates | **13,172** | 17,426 |
| | **131,835** | 131,996 |

## 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 12, a new operating segment, namely, mineral tenements, is formed and the Group's main operating segments 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 business segment for the period under review:

| | Twelve months ended 31 December 2011 | | | | | |
|---|---|---|---|---|---|---|
| | **Limousine rental services** | **Airport shuttle bus services** | **Mining operation** | **Mineral tenements** | **Others** | **Total** |
| | ***HK$'000*** | ***HK$'000*** | ***HK$'000*** | ***HK$'000*** | ***HK$'000*** | ***HK$'000*** |
| | **(Unaudited)** | **(Unaudited)** | **(Unaudited)** | **(Unaudited)** | **(Unaudited)** | **(Unaudited)** |
| **Segment revenue from external customers** | **105,198** | **13,465** | **13,172** | **—** | **—** | **131,835** |
| **Segment results** | **(1,900)** | **(198)** | **(71,539)** | **(156,663)** | **530,302** | **300,002** |
| Unallocated income | | | | | | **2,525** |
| Unallocated expenses | | | | | | **(74,805)** |
| Finance costs | | | | | | **(1,763)** |
| **Profit before income tax** | | | | | | **225,959** |
| **Other information:** | | | | | | |
| Depreciation of property, plant and equipment | **(15,271)** | **(3)** | **(3,852)** | **(428)** | **(6)** | **(19,560)** |
| Impairment of mining right | **—** | **—** | **(60,000)** | **—** | **—** | **(60,000)** |
| Amortisation of intangible assets | **(1,046)** | **(556)** | **—** | **—** | **—** | **(1,602)** |
| Amortisation of mining right | **—** | **—** | **(8,886)** | **—** | **—** | **(8,886)** |
| Finance costs | **(1,613)** | **(150)** | **—** | **—** | **—** | **(1,763)** |
| Income tax credit/(expense) | **336** | **(56)** | **—** | **—** | **—** | **280** |

| | Twelve months ended 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 revenue from external customers** | 99,903 | 14,667 | 17,426 | — | — | 131,996 |
| **Segment results** | 6,706 | 646 | (160,766) | — | 1,911 | (151,503) |
| Unallocated income | | | | | | — |
| Unallocated expenses | | | | | | (70,890) |
| Finance costs | | | | | | (4,001) |
| **Loss before income tax** | | | | | | (226,394) |
| **Other information:** | | | | | | |
| Depreciation of property, plant and equipment | (12,186) | (4) | (3,245) | — | — | (15,435) |
| Impairment of mining right | — | — | (153,000) | — | — | (153,000) |
| Amortisation of intangible assets | (1,046) | (556) | — | — | — | (1,602) |
| Amortisation of mining right | — | — | (5,421) | — | — | (5,421) |
| Finance costs | (1,225) | (194) | — | — | — | (1,419) |
| Income tax credit/(expense) | 89 | (427) | — | — | — | (338) |

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

| | **31 December 2011** | | | | | |
|---|---|---|---|---|---|---|
| | **Limousine rental services** | **Airport shuttle bus services** | **Mining operation** | **Mineral tenements** | **Others** | **Total** |
| | ***HK$'000*** | ***HK$'000*** | ***HK$'000*** | ***HK$'000*** | ***HK$'000*** | ***HK$'000*** |
| | **(Unaudited)** | **(Unaudited)** | **(Unaudited)** | **(Unaudited)** | **(Unaudited)** | **(Unaudited)** |
| **Segment assets** | **107,971** | **24,457** | **895,341** | **6,020,170** | **261,404** | **7,309,343** |
| Unallocated assets | | | | | | **569,790** |
| **Total assets** | | | | | | **7,879,133** |
| **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 | **20,503** | — | **4,287** | **623** | **397** | **25,810** |
| Additions of intangible assets arising from acquisition of subsidiary | — | — | — | **5,955,062** | — | **5,955,062** |

| | 31 December 2010 | | | | | |
|---|---|---|---|---|---|---|
| | Limousine rental services | Airport shuttle bus services | Mining operation | Mineral tenements | Others | Total |
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| | (Audited) | (Audited) | (Audited) | (Audited) | (Audited) | (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 | 18,331 | — | 2,100 | — | — | 20,431 |

## 5. EXPENSES BY NATURE

| | Twelve months ended 31 December | |
|---|---|---|
| | **2011** | 2010 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| Amortisation of intangible assets (included in direct costs) | **1,602** | 1,602 |
| Amortisation of mining right (included in direct costs) | **8,886** | 5,421 |
| Cost of inventories | **5,241** | 9,893 |
| Depreciation of property, plant and equipment | **19,850** | 15,770 |
| Loss on disposal of property, plant and equipment | **719** | — |
| Motor vehicles rental charges | **25,112** | 22,591 |
| Operating lease rentals in respect of office premises | **7,031** | 5,540 |
| Professional fees for takeover bids | **41,861** | 16,513 |
| Staff costs *(note)* | **78,300** | 66,228 |

*Note:*

Staff costs include:

| | Twelve months ended 31 December | |
|---|---|---|
| | **2011** | 2010 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| Directors' emoluments (including share-based compensation) | **5,198** | 26,717 |
| Retirement benefit scheme contributions | **2,968** | 2,358 |
| Share-based compensation | **1,622** | 1,972 |
| Other staff costs | **68,512** | 35,181 |
| | **78,300** | 66,228 |

## 6. OTHER INCOME

| | Twelve months ended 31 December | |
|---|---|---|
| | **2011** | 2010 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| Interest on bank deposits | **14,856** | 115 |
| Dividend income from financial assets at fair value through profit or loss | **—** | 91 |
| Dividend income from available-for-sale investment | **2,449** | — |
| Others | **582** | (38) |
| | **17,887** | 168 |

## 7. OTHER GAINS, NET

| | Twelve months ended 31 December | |
|---|---|---|
| | **2011** | 2010 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| Unrealised gain on financial assets at fair value through profit or loss | **—** | 1,790 |
| Gain on disposal of financial assets at fair value through profit or loss | **1,576** | — |
| Release of available-for-sale investments reserve upon step acquisition *(note)* | **513,243** | — |
| Release of available-for-sale investments reserve upon disposal of available-for-sale investments | **49,390** | — |
| Loss on disposal of available-for-sale investments | **(32,261)** | — |
| | **531,948** | 1,790 |

*Note:*

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

## 8. INCOME TAX (CREDIT)/EXPENSE

| | Twelve months ended 31 December | |
|---|---|---|
| | **2011** | 2010 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| Current income tax: | | |
| Hong Kong Profits Tax | | |
| Current period | **54** | 974 |
| Under/(Over) provision in prior periods | **223** | (270) |
| PRC Enterprise Income Tax | | |
| Over provision in prior periods | **—** | (9) |
| Deferred income tax: | | |
| Reversal of temporary differences | **(557)** | (357) |
| | **(280)** | 338 |

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

PRC Enterprise Income Tax has been provided at the prevailing rate of 25% (2010: 25%) on the estimated assessable profit applicable to the Company's subsidiary established in the PRC.

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

## 9. 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.

| | **Twelve months ended 31 December** | |
|---|---|---|
| | **2011** | 2010 |
| | **(Unaudited)** | (Audited) |
| Profit/(Loss) for the period attributable to the equity holders of the Company *(HK$'000)* | **303,374** | (210,644) |
| **Number of shares** | | |
| Weighted average number of ordinary shares for the purpose of calculating the basic earnings/(loss) per share *(thousands)* | **4,813,668** | 3,515,217 |
| Adjustment of share options *(thousands)* | **—** | — |
| Weighted average number of ordinary shares for the purpose of calculating the diluted earnings/(loss) per share *(thousands)* | **4,813,668** | 3,515,217 |
| **Earnings/(Loss) per share attributable to the equity holders of the Company** | | |
| Basic (HK cents) | **6.30** | (5.99) |
| Diluted (HK cents) | **6.30** | N/A |

For the period ended 31 December 2010, the effect of assumed conversion of the convertible notes and the share options of the Company was anti-dilutive.

## 10. 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 the invoice date at respective balance sheet dates are as follows:

| | **As at 31 December 2011** | As at 31 December 2010 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| 0 — 30 days | **14,163** | 11,061 |
| 31 — 60 days | **8,342** | 10,017 |
| 61 — 90 days | **3,289** | 5,246 |
| Over 90 days | **1,445** | 3,689 |
| | **27,239** | 30,013 |

## 11. TRADE PAYABLES

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

| | **As at 31 December 2011** | As at 31 December 2010 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| 0 — 30 days | **5,974** | 6,273 |
| 31 — 60 days | **1,314** | 2,332 |
| 61 — 90 days | **94** | 1,411 |
| Over 90 days | **2,546** | 2,334 |
| | **9,928** | 12,350 |

## 12. 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<br>*HK$'000*<br>(Unaudited) |
|---|---|
| Plant and equipment | 2,325 |
| Intangible assets *(note)* | 5,955,062 |
| Cash and cash equivalents | 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 exploration projects undertaken by Brockman, were valued as of date of acquisition with reference to the advice obtained from an independent valuer.

(d) The total acquisition-related cost of the above transaction was HK$22,806,000. It has been excluded from the consideration transferred and has 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 a net loss of HK$156,663,000 for the period from 16 June 2011 to 31 December 2011 to the condensed consolidated statement of comprehensive income. If the acquisition had occurred on 1 January 2011, the consolidated profit of the Group for the twelve months ended 31 December 2011 would have been HK$45,471,000.

## INTERIM DIVIDEND

The Board of Directors does not recommend the payment of an interim dividend for the twelve months ended 31 December 2011 (2010: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review and Financial Highlights

The consolidated revenue of the Group for the twelve months ended 31 December 2011 decreased slightly by 0.15% to approximately HK$131.8 million as compared to the corresponding period last year (2010: HK$132.0 million), of which approximately HK$118.6 million (2010: HK$114.6 million) was contributed by the provision of limousine rental and airport shuttle bus services and approximately HK$13.2 million (2010: HK$17.4 million) was contributed by the sales of copper ore concentrates. As at 31 December 2011, the Group's net asset value amounted to HK$5,450.6 million (31 December 2010: HK$2,350.0 million) and cash and bank balances, including restricted cash, amounted to HK$1,143.0 million (31 December 2010: HK$140.8 million).

Profit attributable to equity holders of the Company amounted to HK$303.4 million for the period, compared to the HK$210.6 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. During the current period, the mining right was impaired by HK$60.0 million, primarily attributable to the recent volatility of the copper price and the delay in production plan. Basic earnings per share for the twelve months were HK6.30 cents, improved significantly from a loss per share of HK5.99 cents in last year's corresponding period.

### Corporate Exercises

Wah Nam Australia made two concurrent off-market scrip takeover offers in December 2010 for all of the shares in each of Brockman and FerrAus Limited ("FerrAus") that the Group (i.e. the Company and its subsidiaries) did not already own.

When the takeover offer for Brockman closed on 15 June 2011, Wah Nam Australia had successfully increased its relevant interest in Brockman to 55.33% as a result of acceptances of the takeover offer and therefore Brockman became a subsidiary of the Company. Following the conclusion of the Brockman takeover offer, two representatives of the Group, Mr. Warren Beckwith and Mr. Hendrianto Tee (replaced by Mr. Chu Chung Yue Howard on 10 November 2011) were appointed as non-executive directors to the Brockman board.

On 27 June 2011, an announcement was released by FerrAus that it had agreed to issue to Atlas Iron Limited ("Atlas"), 37,439,785 FerrAus shares in exchange for A$24.3 million pursuant to a subscription agreement ("Subscription") and purchase South East Pilbara iron ore assets from Atlas in consideration for 121,846,154 FerrAus shares pursuant to an asset purchase agreement ("Assets Acquisition"), and that Atlas had agreed to make an off-market takeover bid for all of FerrAus' ordinary shares. As a result, Wah Nam Australia relied on the defeating conditions of the takeover offer for FerrAus and the takeover offer lapsed on 15 July 2011.

On 29 August 2011, FerrAus announced the completion of the Subscription and the Asset Acquisition by Atlas. Atlas' takeover offer for FerrAus opened for acceptance on 5 September 2011. The Directors of the Company resolved on 20 September 2011 to accept Atlas' takeover offer in respect of 40,934,400 FerrAus shares held by the Group in consideration for 10,233,599 Atlas shares. Upon the receipt of the Atlas consideration shares, the Company disposed of these Atlas shares on-market. The disposal of Atlas shares was completed during the fourth quarter of 2011.

On 19 September 2011, Brockman announced the Company's nomination of three new board members to the Brockman board, namely Mr. Luk Kin Peter Joseph (Chairman of Wah Nam), Mr. Richard (Dick) Melville Wright and Mr. Robert Brierley. Mr. Luk Kin Peter Joseph was appointed as a non-executive Director and Chairman of Brockman. Mr. Richard (Dick) Wright and Mr. Robert Brierley were appointed as non-executive directors of Brockman.

On 21 December 2011, the Company, through Wah Nam Australia, made an off-market takeover offer for the remaining shares in Brockman that Wah Nam Australia does not already own (the "Takeover Offer").

The Takeover Offer is unanimously recommended by the independent directors of Brockman (namely Mr. Ross Norgard, Mr. Michael Spratt and Mr. Colin Paterson) ("Independent Brockman Directors") in the absence of a superior proposal. The Takeover Offer is for A$1.50 cash plus 18 Wah Nam Shares for every Brockman share held. Further details of the Takeover Offer are set out in Wah Nam Australia's Bidder's Statement sent to Brockman shareholders on 21 December 2011, which is available on the ASX, and the circular of the Company dated 15 December 2011.

In order to implement the Takeover Offer, the Company and Brockman entered into a Bid Implementation Agreement on 12 December 2011. Under the Bid Implementation Agreement, Brockman agreed that each Independent Brockman Director will recommend that Brockman shareholders accept the Takeover Offer in the absence of a superior proposal for Brockman, subject to the Independent Expert Report concluding the Takeover Offer is fair and reasonable to Brockman shareholders. According to Brockman's Target's Statement released on 15 December 2011, the Independent Expert determined that the Takeover Offer is fair and reasonable. In accordance with the Bid Implementation Agreement, the Independent Brockman Directors accepted the Takeover Offer in respect of all Brockman shares they owned or controlled, representing approximately 11.35% of Brockman shares currently on issue, on 9 February 2012.

The conditions relating to Wah Nam Shareholder approval, Subscription and Foreign investment approval were satisfied on 6 January 2012, 10 January 2012 and 8 February 2012 respectively. The Placement condition was waived by Wah Nam Australia on 31 January 2012. As at the date of this report, the 80% minimum acceptance condition remains outstanding and, as a result of acceptances received, Wah Nam Australia's relevant interest in Brockman is approximately 73.18%.

The Takeover Offer is currently open and is due to close on 19 March 2012 (unless further extended). The Board encourages Brockman shareholders to accept the Takeover Offer as it considers it will accelerate the development of the Marillana Project within one entity.

**Subscription of Shares and Underwriting Agreement**

As set out in the Bidder's Statement (to be read together with Wah Nam Australia's First Supplementary Bidder's Statement dated 31 January 2012), the Takeover Offer will be financed using a combination of existing cash resources, proceeds from the issue of Wah Nam shares and the issue of a convertible bond to Ocean Line Holdings Limited (under a Subscription Agreement dated 12 December 2011 between the Company and Ocean Line Holdings Limited) and, if Wah Nam elects in its absolute discretion to utilise the placement facility, the proceeds from the placement of Wah Nam shares to placees procured, on a fully underwritten basis, by the placing agent, REORIENT Financial Markets Limited (pursuant to an Underwriting Agreement between the Company and REORIENT Financial Markets Limited dated 12 December 2011).

As at the date of this report, the Subscription of 555,100,000 Wah Nam shares and the issue of the convertible bond has completed. Ocean Line Holdings Limited became the largest shareholder of the Company, with a shareholding of approximately 14.9%.

**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 90% of the overall revenue of the Group. Revenue for the twelve months ended 31 December 2011 amounted to HK$118.6 million (2010: HK$114.6 million), an increment of approximately 3.5% when compared to the corresponding period last year. Despite the increase in segment revenue, higher comparative base as a result of the Shanghai World Expo in 2010 coupled with the climbing costs of fuel consumption, repair and maintenance, and labour resulting from inflationary pressures as well as the enforcement of statutory minimum wage in the Hong Kong since May 2011, are the main constraints affecting the profitability of the business. The segment reported a loss of HK$2.1 million for the twelve months ended 31 December 2011, compared to a profit of HK$7.4 million in the last year's corresponding period.

We will continue to monitor the market development and formulate the best business strategy so as to optimise 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 a 90% owned subsidiary of the Company, Luchun Xingtai Mining Co., Ltd. ("Luchun Xingtai").

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

| | **Twelve months ended 31 December 2011** | Twelve months ended 31 December 2010 |
|---|---|---|
| Copper ore processed | **106,795 tonnes** | 69,130 tonnes |
| Production of Copper Ore Concentrates | **437 Metal (t)** | 407 Metal (t) |
| Sales of Copper Ore Concentrates | **245 Metal (t)** | 307 Metal (t) |
| Average selling price per Metal (t) (without VAT) | **RMB46,000** | RMB49,000 |

During the period, Luchun Xingtai has contributed revenue of approximately HK$13.2 million (2010: HK$17.4 million), and the loss before amortisation and impairment of mining right was approximately HK$2.7 million (2010: HK$2.3 million). The production volume of copper ore concentrates was approximately 437 metal tonnes (2010: 407 metal tonnes) and sales of the copper ore concentrates was approximately 245 metal tonnes (2010: 307 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$15.8 million (2010: HK$19.8 million).

In February 2011, the Yunnan provincial power plant 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 to August 2011, but was gradually resumed in early September 2011 upon the completion of the installation works.

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.

Production of copper ore will be suspended after the Lunar New Year until May 2012 due to further enhancement for our production line with installation works. The management expects that our production will be significantly enhanced after such development.

***Brockman Resources Limited***

**Marillana Project Activities**

Total expenditure associated with the mineral exploration operation for the period from date of acquisition to 31 December 2011 amounted to approximately HK$168.6 million.

**Review and results of operations**

***Operating results***

Net operating loss after income tax expense for the period ended 31 December 2011 was HK$156.7 million.

***Review of operations***

The Consolidated Entity's continued to aggressively advance the flagship Marillana Iron Ore Project, and pursue exploration programmes on other tenements to develop its pipeline of future projects.

***Exploration***

During the interim period the Company discovered a new deposit of bedded hematite mineralisation identified at the Sirius prospect within the Company's 100% owned Ophthalmia project tenements, located 15km north of Newman in Australia's Pilbara region. The first (and only) hole drilled at the prospect returned a highly significant intersection of Direct Shipping Ore ("DSO") grade hematite mineralisation of 135.45m @ 61.02% Fe.

***Marillana Iron Ore Project***

A strategic review by the Board and Management, undertook an optimisation study aimed at reducing capital costs and further de-risking the project. The optimisation study focussed on the overall plant layout and footprint, crushing equipment selection and the dense media plant layout and has identified significant improvements in all areas. The optimisation study has not resulted in any changes to the process flow sheet.

In addition, testwork continued on the plant feed material characteristics and handling properties, and the design strategy for the fines and coarse reject handling optimisation, to determine the possibility of additional operational cost savings in materials handling.

## 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 31 December 2011 measured at 1.86 times compared to 1.89 times as reported as at 31 December 2010. The gearing ratio as at 31 December 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 31 December 2011, the Group has total bank borrowings amounted to approximately HK$48.5 million, all of which are secured, approximately HK$39 million was due within one year and the balance of HK$9.5 million was due in more than one year. All bank 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 31 December 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.

(b) A total of 3,863,078 ordinary shares were issued to settle part of the advisory fee payable to the Company's financial and corporate advisor in Australia.

As at 31 December 2011, the total number of issued shares outstanding for the Company amounts to 5,359,279,403 shares.

**Shares Details**
Shares on issue
As at 31 December 2011:
5,359,279,403 fully paid shares on issue
15,000,000 options quoted, expiring 30 September 2014

As at the date of the announcement:
5,914,379,403 fully paid shares on issue
15,000,000 options quoted, expiring 30 September 2014

Unquoted securities
As at 31 December 2011 and as at the date of this announcement:
the total number of unlisted options outstanding is 131,500,000, including,

— 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
— 50,000,000 share options, expiring on 31 Dec 2014, exercise price HK$0.72
— 7,000,000 share options, expiring on 13 Dec 2015, exercise price HK$0.72

## PLEDGE OF ASSETS

As at 31 December 2011, motor vehicles with an aggregate carrying value of approximated HK$11,079,000 (31 December 2010: HK$15,093,000) were charged to secure general banking facilities granted to a subsidiary of the Company.

## MARKET RISK

The Group is exposed to various types of market risks, including fluctuations in iron ore and copper ore concentrate 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 mineral tenements are denominated in Australian dollars. Depreciation in Australian dollar may adversely affect our net asset value and earnings when the value of such assets is converted to Hong Kong dollars. During the period, no financial instrument was used for hedging purpose.

## STAFF AND REMUNERATION

As at 31 December 2011, the Group employed 556 full time employees (31 December 2010: 507), of which approximately 415 employees were in the PRC and 23 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 twelve months ended 31 December 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 twelve months ended 31 December 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 twelve months ended 31 December 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 twelve months ended 31 December 2011.

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

Hong Kong, 29 February 2012

*As at the date of this announcement, the Board comprises Mr. Luk Kin Peter Joseph, Mr. Chu Chung Yue Howard 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.*