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WAH NAM INTERNATIONAL HOLDINGS LIMITED

華南投資控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 159)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

The board of directors (the “Board”) of Wah Nam International Holdings Limited (the “Company”) announces the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2009, together with the comparative figures for 2008.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	<i>Note</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Continuing operations			
Revenue	4	95,374	88,837
Direct costs	9	(84,729)	(80,384)
Gross profit		10,645	8,453
Selling and administrative expenses	9	(31,618)	(30,058)
Other income		300	1,561
Other gains/(losses), net		505	(14,501)
Excess payment on asset acquisition		—	(167,481)
Impairment losses	6	(38,314)	(118,414)
Finance costs	7	(20,914)	(15,692)
Loss before income tax		(79,396)	(336,132)
Income tax (expense)/credit	8	(608)	15,886
Loss for the year from continuing operations		(80,004)	(320,246)
Discontinued operation			
Profit for the year from discontinued operation		—	37,784
Loss for the year		(80,004)	(282,462)

* *For identification purpose only*

	<i>Note</i>	2009 HK\$'000	2008 HK\$'000
Other comprehensive income/(loss):			
Exchange differences arising on translation of foreign operations		(285)	4,165
Fair value gain on available-for-sale investment		133,644	—
Reserve released upon disposal of subsidiaries		—	(32,214)
		<u>133,359</u>	<u>(28,049)</u>
Other comprehensive income/(loss) for the year, net of tax		<u>133,359</u>	<u>(28,049)</u>
Total comprehensive income/(loss) for the year		<u>53,355</u>	<u>(310,511)</u>
Loss for the year attributable to:			
Equity holders of the Company		(78,935)	(296,660)
Minority interests		(1,069)	14,198
		<u>(80,004)</u>	<u>(282,462)</u>
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		54,433	(323,807)
Minority interests		(1,078)	13,296
		<u>53,355</u>	<u>(310,511)</u>
(Loss)/earnings per share from continuing operations and discontinued operation attributable to the equity holders of the Company during the year		HK cents	HK cents
Basic and diluted			
— from continuing operations	<i>11</i>	(3.44)	(30.23)
— from discontinued operation	<i>11</i>	—	2.17
		<u>(3.44)</u>	<u>(28.06)</u>

CONSOLIDATED BALANCE SHEET

As at 31 December 2009

		2009	2008
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Mining right		980,568	987,005
Property, plant and equipment		81,726	86,024
Goodwill		11,405	49,719
Intangible asset		12,819	14,421
Available-for-sale investment		309,929	—
Deferred income tax assets		337	966
Other non-current assets		8,900	8,419
		<u>1,405,684</u>	<u>1,146,554</u>
Current assets			
Inventories		4,516	7,379
Trade receivables	12	21,456	12,246
Other receivables, deposits and prepayments		7,470	7,232
Amount due from a related party		1,139	1,500
Financial assets at fair value through profit or loss		3,397	2,894
Restricted cash		5,200	—
Cash and cash equivalents		16,758	59,757
		<u>59,936</u>	<u>91,008</u>
Current liabilities			
Trade payables	13	9,738	10,667
Other payables and accrued charges		44,529	40,008
Amounts due to directors		—	305
Amounts due to related companies		1,363	—
Bank borrowings due within one year		39,258	30,131
Obligations under finance leases		1,965	1,739
		<u>96,853</u>	<u>82,850</u>
Net current (liabilities)/assets		<u>(36,917)</u>	<u>8,158</u>
Total assets less current liabilities		<u><u>1,368,767</u></u>	<u><u>1,154,712</u></u>

	<i>Note</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Capital and reserves			
Share capital	<i>14</i>	278,226	151,534
Reserves		844,930	610,018
Equity attributable to equity holders of the Company		1,123,156	761,552
Minority interest		95,425	96,503
Total equity		1,218,581	858,055
Non-current liabilities			
Obligations under finance leases		1,168	2,230
Amount due to a related party		21,353	23,829
Convertible notes		74,119	262,828
Deferred income tax liabilities		53,074	7,298
Provision for restoration costs		472	472
		150,186	296,657
		1,368,767	1,154,712

1. CORPORATE INFORMATION

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (the “Group”) are stated in note 5 below.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). They have 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.

As at 31 December 2009, the Group had net current liabilities of approximately HK\$36.9 million (2008: net current assets of approximately HK\$8.2 million). The directors are of the opinion that, having taken into account the expected operating cash inflows and the available financial resources of the Group, including the proceeds of a share placement in February 2010, the Group has sufficient financial resources to meet its liabilities as and when they fall due in the foreseeable future and the Group will be able to continue as a going concern. Consequently, the consolidated financial statements have been prepared on a going concern basis.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied, for the first time, the following amendments and interpretations of HKFRS (“new HKFRSs”) issued by HKICPA, which are effective for the Group’s accounting period beginning on or after 1 January 2009.

HKAS 1 (Revised)	Presentation of Financial Statements
HKFRS 7 (Amendment)	Financial Instruments — Disclosures
HKFRS 8	Operating Segments

The adoption of the new and revised HKFRSs had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

The following standards and amendments to existing standards have been published and are mandatory for the Group’s accounting periods beginning on or after 1 January 2010 or later periods, but the Group has not early adopted them:

HKAS 24 (Revised)	Related Party Disclosures ³
HKAS 27 (Revised)	Consolidation and Separate Financial Statements ¹
HKAS 36 (Amendment)	Impairment of Assets ²
HKFRS 1 (Amendment)	First-time Adoption of HKFRSs ²
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transaction ²
HKFRS 3 (Revised)	Business Combinations ¹
HKFRS 5	Non-current Assets Held for Sale and Discontinued Operations ¹
HKFRS 9	Financial Instruments ⁴

Improvements to HKFRS

HKAS 1	Current/Non-current Classification of Convertible Instruments ²
HKAS 7	Classification of Expenditures on Unrecognised Assets ²
HKAS 17	Classification of Leases of Land and Buildings ²
HKAS 36	Unit of Accounting for Goodwill Impairment Test ²
HKAS 38	Additional Consequential Amendments Arising from HKFRS 3 (Revised) and Measuring the Fair Value of an Intangible Asset Acquired in Business Combination ²
HKAS 39	Cash Flow Hedge Accounting ¹
HKFRS 2	Group Cash-settled Share-based Payments Transactions ¹
HKFRS 8	Disclosure of Information about Segment Assets ²

¹ Effective for the Group for annual periods beginning on or after 1 July 2009

² Effective for the Group for annual periods beginning on or after 1 January 2010

³ Effective for the Group for annual periods beginning on or after 1 January 2011

⁴ Effective for the Group for annual periods beginning on or after 1 January 2013

The directors of the Company anticipate that the above amendments will not result in significant changes to the Group’s accounting policies other than that there will be additional disclosures.

4. REVENUE

Revenue represents the amounts received and receivable for providing limousine rental and airport shuttle bus services and sales of mineral ore products for the year ended 31 December 2009. An analysis of the Group's revenue for the year is as follows:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Continuing operations		
Income from limousine rental services	65,580	71,326
Income from airport shuttle bus services	14,993	15,854
Sales of copper, lead and zinc ore concentrates	14,801	1,657
	<u>95,374</u>	<u>88,837</u>
Discontinued operation		
Gross toll receipts	—	5,366
Hangzhou City government compensation	—	48,019
	<u>—</u>	<u>53,385</u>

5. BUSINESS AND GEOGRAPHICAL SEGMENTS

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

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more consistent with the Group's internal financial reporting.

(a) Business segments

The Group comprises the following main business segments:

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

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

(1) Consolidated statement of comprehensive income
For the year ended 31 December 2009

	2009					2008					Discontinued operation
	Limousine rental services HK\$'000	Airport shuttle bus services HK\$'000	Mining operation HK\$'000	Others HK\$'000	Total HK\$'000	Continuing operations				Toll road operation HK\$'000	
						Limousine rental services HK\$'000	Airport shuttle bus services HK\$'000	Mining operation HK\$'000	Others HK\$'000		
Revenue											
Segment revenue	66,395	16,178	14,801	—	97,374	71,326	17,400	1,657	—	90,383	53,385
Inter-segment revenue	(815)	(1,185)	—	—	(2,000)	—	(1,546)	—	—	(1,546)	—
Revenue from external customers	<u>65,580</u>	<u>14,993</u>	<u>14,801</u>	<u>—</u>	<u>95,374</u>	<u>71,326</u>	<u>15,854</u>	<u>1,657</u>	<u>—</u>	<u>88,837</u>	<u>53,385</u>
Result											
Segment results	<u>(38,492)</u>	<u>1,679</u>	<u>(10,824)</u>	<u>522</u>	<u>(47,115)</u>	<u>(118,525)</u>	<u>(7,419)</u>	<u>(173,501)</u>	<u>(5,381)</u>	<u>(304,826)</u>	<u>44,952</u>
Unallocated income					17					1,486	—
Unallocated expenses					(11,384)					(17,100)	—
Finance costs					(20,914)					(15,692)	—
(Loss)/profit before taxation					(79,396)					(336,132)	44,952
Income tax (expense)/credit					(608)					15,886	(7,168)
(Loss)/profit for the year					<u>(80,004)</u>					<u>(320,246)</u>	<u>37,784</u>

(2) Consolidated balance sheet
As at 31 December 2009

	2009					2008					
	Limousine rental services HK\$'000	Airport shuttle bus services HK\$'000	Mining operation HK\$'000	Others HK\$'000	Total HK\$'000	Limousine rental services HK\$'000	Airport shuttle bus services HK\$'000	Mining operation HK\$'000	Others HK\$'000	Total HK\$'000	
Segment assets		101,563	20,213	1,024,342	310,117	1,456,235	133,404	22,366	1,037,717	6,088	1,199,575
Unallocated assets					9,385						37,987
Consolidated total assets					<u>1,465,620</u>						<u>1,237,562</u>
Segment liabilities		40,998	15,077	58,834	—	114,909	6,100	4,426	37,475	—	48,001
Unallocated liabilities					132,130						331,506
Consolidated total liabilities					<u>247,039</u>						<u>379,507</u>

(3) *Other information:*

	2009					2008					Discontinued operation
						Continuing operations					
	Limousine rental services HK\$'000	Airport shuttle bus services HK\$'000	Mining operation HK\$'000	Unallocated balances HK\$'000	Total HK\$'000	Limousine rental services HK\$'000	Airport shuttle bus services HK\$'000	Mining operation HK\$'000	Unallocated balances HK\$'000	Total HK\$'000	
Excess payment on asset acquisition	—	—	—	—	—	—	—	167,481	—	167,481	—
Impairment of goodwill	38,314	—	—	—	38,314	42,153	—	—	—	42,153	—
Impairment of intangible asset	—	—	—	—	—	69,826	6,435	—	—	76,261	—
Depreciation of property, plant and equipment	11,133	8	2,992	307	14,440	10,434	8	742	—	11,184	119
Amortisation of mining right	—	—	6,349	—	6,349	—	—	3,430	—	3,430	—
Amortisation of intangible asset	1,046	556	—	—	1,602	8,996	1,299	—	—	10,295	—
Amortisation of toll road operation rights	—	—	—	—	—	—	—	—	—	—	4,047
Loss/(gain) on disposal of property, plant and equipment	106	—	—	—	106	(144)	—	—	—	(144)	—
Additions of property, plant and equipment	9,724	—	382	309	10,415	14,554	—	105	1,135	15,794	281
Additions of property, plant and equipment through assets acquisition	—	—	—	—	—	—	—	30,917	—	30,917	—
Addition of mining right	—	—	—	—	—	—	—	997,341	—	997,341	—
Additions of non-current assets	9,724	—	382	309	10,415	14,554	—	1,028,363	1,135	1,044,052	281

(b) Geographical information

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

Revenue from the Group's discontinued toll road operation was derived from the PRC (2009: HK\$nil, 2008: HK\$53,385,000).

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

	2009			2008		
	The PRC <i>HK\$'000</i>	Hong Kong <i>HK\$'000</i>	Total <i>HK\$'000</i>	The PRC <i>HK\$'000</i>	Hong Kong <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>29,123</u>	<u>66,251</u>	<u>95,374</u>	<u>9,904</u>	<u>78,933</u>	<u>88,837</u>

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

	2009				2008		
	The PRC <i>HK\$'000</i>	Hong Kong <i>HK\$'000</i>	Australia <i>HK\$'000</i>	Total <i>HK\$'000</i>	The PRC <i>HK\$'000</i>	Hong Kong <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	<u>1,060,285</u>	<u>95,218</u>	<u>310,117</u>	<u>1,465,620</u>	<u>1,068,772</u>	<u>168,790</u>	<u>1,237,562</u>
Specified non-current assets	<u>1,038,157</u>	<u>57,261</u>	<u>—</u>	<u>1,095,418</u>	<u>1,049,292</u>	<u>96,296</u>	<u>1,145,588</u>
Additions of property, plant and equipment	8,656	1,759	—	10,415	13,134	2,941	16,075
Additions of property, plant and equipment through assets acquisition	—	—	—	—	30,917	—	30,917
Addition of mining right	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>997,341</u>	<u>—</u>	<u>997,341</u>

6. IMPAIRMENT LOSSES

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Impairment of goodwill	38,314	42,153
Impairment of intangible asset	<u>—</u>	<u>76,261</u>
	<u>38,314</u>	<u>118,414</u>

7. FINANCE COSTS

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Effective interest expenses on convertible notes	19,679	14,166
Interest on bank borrowings wholly repayable within five years	1,007	1,239
Interest on obligations under finance lease	228	287
	<u>20,914</u>	<u>15,692</u>

8. INCOME TAX EXPENSE/(CREDIT)

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profit for the year. PRC enterprise income tax has been provided at the prevailing rate of 25% (2008: 25%) on the estimated assessable profit applicable to the Company's subsidiary established in the PRC.

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Continuing operations		
Hong Kong profits tax		
Current year	1,015	430
Underprovision in prior years	15	—
PRC Enterprise Income Tax		
Current year	—	34
Underprovision/(overprovision) in prior years	20	(77)
	<u>1,050</u>	<u>387</u>
Deferred tax:		
Origination and reversal of temporary differences	(442)	(15,227)
Effect of change in Hong Kong profits tax rate	—	(1,046)
	<u>608</u>	<u>(15,886)</u>
Discontinued operation		
PRC Enterprise Income Tax	—	6,980
Deferred tax:		
Original and reversal of temporary differences	—	188
	<u>—</u>	<u>7,168</u>

9. EXPENSES BY NATURE

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Cost of inventories	10,185	3,079
Amortisation of intangible asset (included in direct costs)	1,602	10,295
Amortisation of mining right (included in direct costs)	6,349	3,430
Depreciation	14,440	11,184
Auditor's remuneration	1,448	1,300
Staff costs (<i>note a</i>)	30,612	29,726
Operating lease rentals in respect of office premises	4,520	4,842
Motor vehicles rental charges	14,105	11,008
Fuel and oil	7,681	10,330
Toll charges	4,225	4,677
Others (<i>note b</i>)	21,180	20,571
	<u>116,347</u>	<u>110,442</u>
Total direct costs and selling and administrative expenses	<u>116,347</u>	<u>110,442</u>

(a) Staff costs

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Directors' emoluments	1,904	639
Retirement benefit scheme contributions	1,361	955
Other staff costs	27,347	28,132
	<u>30,612</u>	<u>29,726</u>

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

10. DIVIDEND

No dividend was paid or proposed during 2009, nor has any dividend been proposed since the balance sheet date (2008: nil).

11. LOSS PER SHARE

(a) Basic

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

	2009	2008
Weighted average number of shares in issue (<i>thousands</i>)	2,293,827	1,057,465
Loss from continuing operations attributable to equity holders of the Company (<i>HK\$ thousands</i>)	(78,935)	(319,639)
Basic loss per share from continuing operations attributable to equity holders of the Company (<i>HK cents per share</i>)	----- (3.44)	----- (30.23)
Profit from discontinued operation attributable to equity holders of the Company (<i>HK\$ thousands</i>)	—	22,979
Basic earnings per share from discontinued operation attributable to equity holders of the Company (<i>HK cents per share</i>)	----- —	----- 2.17
Loss attributable to equity holders of the Company (<i>HK\$ thousands</i>)	(78,935)	(296,660)
Basic loss per share attributable to equity holders of the Company (<i>HK cents per share</i>)	<u> (3.44)</u>	<u> (28.06)</u>

(b) Diluted

Diluted loss per share is the same as basic loss per share for the year ended 31 December 2009 and 2008 because the effects of the assumed conversion of the convertible notes of the Company during these years were anti-dilutive.

12. TRADE RECEIVABLES

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Trade receivables	21,566	12,356
<i>Less:</i> allowance for doubtful debts	(110)	(110)
	<hr/>	<hr/>
Trade receivables — net	21,456	12,246
	<hr/> <hr/>	<hr/> <hr/>

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

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
0 — 30 days	7,091	6,581
31 — 60 days	9,234	4,075
61 — 90 days	3,761	898
Over 90 days	1,480	802
	<hr/>	<hr/>
	21,566	12,356
	<hr/> <hr/>	<hr/> <hr/>

13. TRADE PAYABLES

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

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
0 — 30 days	5,056	2,696
31 — 60 days	1,126	1,629
61 — 90 days	478	1,810
Over 90 days	3,078	4,532
	<hr/>	<hr/>
	9,738	10,667
	<hr/> <hr/>	<hr/> <hr/>

14. SHARE CAPITAL

	Number of shares		Share Capital	
	2009 '000	2008 '000	2009 HK\$'000	2008 HK\$'000
Ordinary shares of HK\$0.10 each				
Authorised				
As at 1 January	4,000,000	2,000,000	400,000	200,000
Increase (<i>note a</i>)	—	2,000,000	—	200,000
As at 31 December	<u>4,000,000</u>	<u>4,000,000</u>	<u>400,000</u>	<u>400,000</u>
Issued and fully paid				
As at 1 January	1,515,342	784,738	151,534	78,474
Placing of new shares (<i>note b</i>)	111,500	240,000	11,150	24,000
Issued in consideration for acquisition of subsidiaries (<i>note c</i>)	—	315,666	—	31,566
Conversion of convertible notes (<i>note d</i>)	<u>1,155,416</u>	<u>174,938</u>	<u>115,542</u>	<u>17,494</u>
As at 31 December	<u>2,782,258</u>	<u>1,515,342</u>	<u>278,226</u>	<u>151,534</u>

Notes:

- (a) Pursuant to the shareholders' approval at the Special General Meeting held on 18 July 2008, the authorised share capital of the Company has been increased from 2,000,000,000 ordinary shares of HK\$0.10 each to 4,000,000,000 ordinary shares of HK\$0.10 each.
- (b) Pursuant to a placing and subscription agreement executed on 17 June 2009, a total of 111,500,000 ordinary shares were issued at an issue price of HK\$0.90 per share, raising net proceeds of approximately HK\$99.1 million.
- (c) On 19 September 2008, a total of 315,666,000 ordinary shares, and convertible notes of an aggregate principal amount of HK\$435,500,000 with conversion price of HK\$0.30 (subject to adjustment) were issued for the acquisition of Smart Year Investments Limited and its subsidiaries.
- (d) During the year, convertible notes of aggregate principal amount of HK\$49,650,000 were converted into ordinary 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 were issued.

During the year, convertible notes of aggregate principal amount of HK\$309,847,200 were converted into ordinary shares of HK\$0.10 each in the Company at the conversion price of HK\$0.30 per share. Accordingly, a total of 1,032,824,000 ordinary shares were issued.

15. EVENTS AFTER THE BALANCE SHEET DATE

- (a) On 18 February 2010, pursuant to a top-up placement, the Company had issued 334,000,000 new shares at a placing price of HK\$0.9 per share. The net proceeds after deduction of related expenses from the placing amounted to approximately HK\$297 million, and would be used for potential acquisitions or investments in mineral-related businesses and general working capital. Details of the top-up placement were disclosed in the announcement of the Company dated 9 February 2010.
- (b) On 18 January 2010 and 11 February 2010, the Company had granted a total of 9,000,000 share options and 27,000,000 share options to the eligible persons including the directors, at the exercise price of HK\$1.164 per share and HK\$1.24 per share respectively. Details of the grant of share options were disclosed in the announcement of the Company dated 18 January 2010 and 11 February 2010.
- (c) Subsequent to the balance sheet date, Race Master Limited, (“RML”), a wholly owned subsidiary of the Company, purchased 8,899,111 shares of Brockman Resources Limited (“BRM”), a company listed on the Australian Securities Exchange, at a total consideration of approximately AUD27.5 million (equivalent to approximately HK\$190.8 million). As a result, RML holds 27,638,742 shares of BRM, representing approximately 19.9% of the issued ordinary share capital of BRM, as of the date of this report. Details of the transaction were disclosed in the Company announcement dated 1 March 2010.

BUSINESS REVIEW AND FINANCIAL HIGHLIGHTS

For the year ended 31 December 2009, the Group recorded total consolidated revenue of approximately HK\$95.4 million from its continuing operations, representing an increase of 7.4% compared to last financial year. The consolidated revenue from continuing operations consisted of HK\$80.6 million from the provision of limousine rental and airport shuttle bus services, and HK\$14.8 million from the sales of copper, lead and zinc ore concentrates. As at 31 December 2009, the Group's net asset value amounted to HK\$1,219 million (2008: HK\$858 million) and cash and bank balances, including restricted cash, amounted to HK\$22 million (2008: HK\$59.8 million).

Loss attributable to equity holders of the Company decreased to approximately HK\$78.9 million from HK\$296.7 million as recorded in 2008. Basic loss per share is HK\$3.44 cents, as compared to a loss of HK\$28.06 cents of previous year. The decrease in loss was mainly due to the decrease in the impairment losses for the intangible asset and goodwill, and there was no excess payment on asset acquisition recorded during 2009 (2008: approximately HK\$167.5 million).

Provision of limousine rental and airport shuttle bus services

During the year, this segment recorded a revenue of approximately HK\$80.6 million, representing a decrease of 7.6% as compared to the revenue of HK\$87.2 million recorded in previous year. Profit before amortisation and impairment from this segment was HK\$3.1 million, representing an increase of 12% as compared to that of previous year. Hong Kong remains the largest market of this segment and has contributed over 82% revenue recorded under this segment. We continued to face keen competition in the Hong Kong Market as more companies now offer similar services with more competitive price. While the Group was trying to maintain its leading position in the high-end limousine rental service provider by providing the best quality services to customers at a reasonable price, the Group has adopted a stringent costs control scheme. Overall cost in the Hong Kong operation was reduced by 12% as compared to previous year.

In Mainland China, we continued to provide the limousine rental service to four cities namely Shenzhen, Guangzhou, Shanghai and Beijing. Overall turnover from the China operations was HK\$14.3 million, representing an increase of 74% as compared to previous year.

The Group recorded a steady growth in Shenzhen, Guangzhou and Shanghai while the Beijing operation has underperformed. As at 31 December 2009, we already have service contracts with 36 hotels in the 4 cities (2008: 9 hotels) to provide our limousine rental services.

We are still confident in the China market in the long-term, however, certain existing regulations have created an unfavourable environment for the Group to expand the business. The Group will carefully review the market condition and relevant policies from time to time and formulate suitable business strategies for the expansion. Meanwhile, the Group plans to shift more resources from the Beijing operation to the other three cities, especially in Shanghai where the World Expo will be held in 2010, and Guangzhou where we are seeing a better track record of growth.

Mining Operation

The Group completed the acquisition of Smart Year Investments Limited and its subsidiary (“Smart Year Group”) in September 2008. Therefore, the consolidated results of the Group for the year ended 2008 only recorded the 3-month performance of the mining operation while for the year ended 2009, full year performance of the mining operation was recorded.

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”).

During the year, the revenue of this segment was approximately HK\$14.8 million, and the loss before amortisation of mining right was approximately HK\$4.5 million. The production volume of copper ore concentrates was approximately 340 tonnes and sales of the copper ore concentrates was approximately 410 tonnes. In 2009, we have spent plenty of time in conducting geographical and geological exploration of copper deposits and research on mineralisation across our mine site, thus we have postponed our original production plan. As quoted in the Shanghai Metal Exchange Market (“SHMET”), the copper price per tonne, as of 31 December 2009 was approximately RMB59,000, representing an increase of approximately 119% as compared to approximately RMB27,000 as recorded in the beginning of 2009. Such increase has reflected the shortage of supply of copper in China and the recovery of the economy following the global financial crisis. In the future, subject to the progress of the exploration and the production plan, the Group will gradually increase the production volume to meet the growing demand in the local market. With a larger scale of production, the Group shall also be able to have cost efficiency and the profit margin is expected to increase.

Apart from the mine in Luchun, the Group has always been seeking investment opportunities in foreign countries. During the year, the Group acquired 18,739,631 shares in Brockman Resources Limited (“BRM”), a company listed on the Australian Securities Exchange, for a total consideration of approximately HK\$129.5 million. As at 31 December 2009, the Group owned approximately 13.5% equity interest in BRM and as of the date of this report, the Group holds approximately 19.9% of BRM. The investment of BRM was accounted for as available-for-sale investment. The fair value gain of such investment and the exchange gain due to the appreciation of Australian dollars of HK\$133.6 million (net of tax) in aggregate, was accounted for in the available-for-sale investment reserve, thus no profit and loss effect relating to such investment was recorded. For the detail of the acquisition, please refer to the announcement of the Company dated 24 June 2009, 29 June 2009, 18 February 2010 and 1 March 2010.

Liquidity and financial resources

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

During the year, the Group has raised net proceeds of HK\$99.1 million through the placement of 111.5 million new ordinary shares on 23 June 2009. For detail of such placement, please refer to the announcement of the Company dated 17 June 2009.

Save as above, there is no significant change in the working capital structure during the year, the current ratio for the year measures at 0.62 times compared to 1.10 times as reported in last year.

The gearing ratio for the year (long term debts over equity and long term debts) is measured at 0.07 compared to 0.25 as recorded in previous year. As at the balance sheet date, the Group has total bank and other borrowings amounted to approximately HK\$42.4 million, all of which were secured, approximately HK\$41.2 million was due within one year and the balance of HK\$1.2 million was due in more than one year. All of the borrowings are denominated in Hong Kong dollars.

During the year, the Group did not engage in the use of any financial instruments for hedging purposes, and there was no outstanding hedging instrument as at 31 December 2009.

Capital structure

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

- (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 year, convertible notes of aggregate principal amounts of HK\$49,650,000 were converted into ordinary shares of the Company at the conversion price of HK\$0.405 per share. Accordingly, a total of 122,592,592 ordinary shares of the Company were issued.
- (c) During the year, convertible notes of aggregate principal amounts of HK\$309,847,200 were converted into shares of the Company at the conversion price of HK\$0.30 per share. Accordingly, a total of 1,032,824,000 ordinary shares of the Company were issued.

Charge of assets

As at 31 December 2009, motor vehicles with an aggregate carrying value of HK\$23,438,000 of certain subsidiaries of the Company 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 copper price and exchange rates.

a) Copper Price risk

The Group's revenue and results of the mining business during the year were affected by fluctuations in the copper price. All of our mining products were sold at the then market prices. 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 copper price risk.

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 year, no financial instrument was used for hedging purpose.

Contingent liabilities

The Group has no contingent liabilities as at 31 December 2009.

Staff and remuneration

As at 31 December 2009, the Group employed 552 full time employees (2008: 496), of which 440 employees (2008: 381) were in the PRC. 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, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year, 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 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 year, 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 Group strategies.

When the Group’s business becomes more diversified, the Board will review the needs of appointing suitable candidate to assume the role of the CEO if 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 to 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 confirmed that they had complied with the required standard set out in the Model Code adopted by the Company throughout the year.

AUDIT COMMITTEE

The Audit Committee comprises of three independent non-executive directors, Messrs. Lau Kwok Kuen, Eddie, Uwe Henke Von Parpart and Yip Kwok Cheung, Danny. Mr. Lau is the chairman of the Audit Committee. The Audit Committee has adopted the terms of references which are in line with the CGP Code. The Audit Committee has reviewed the Group’s annual results for the year ended 31 December 2009.

APPRECIATION

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

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

30 March 2010, Hong Kong

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