華南

Wah Nam
International Holdings Limited
華南投資控股有限公司

Incorporated in Bermuda with limited liability
SEHK Stock Code: 159
ASX Stock Code: WNI

INTERIM REPORT

2011

FINANCIAL INFORMATION

For the twelve months and six months ended 31 December 2011

Results for announcement to the market

The interim financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2010 and any public announcements made by Wah Nam International Holdings Limited ("Wah Nam") during the interim reporting period in accordance with the continuous disclosure requirements of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and Australian Securities Exchange (the "ASX").

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CORPORATE PROFILE

BOARD OF DIRECTORS

Executive Directors

Luk Kin Peter Joseph *(Chairman)*
Chan Kam Kwan, Jason
Chu Chung Yue, Howard

Independent Non-executive Directors

Lau Kwok Kuen, Eddie
Uwe Henke Von Parpart
Yip Kwok Cheung, Danny

COMPANY SECRETARY

Chan Kam Kwan, Jason

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda
Tel: 1 441 295 1422 Fax: 1 441 292 4720

REGISTERED OFFICE (AUSTRALIA)

Barringtons Your Business Advisors
Barrington House
283 Rokeby Road
SUBIACO WA 6008
Tel: 61 8 6426 0666 Fax: 61 8 9481 1947

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM08
Bermuda

BRANCH SHARE REGISTRARS AND TRANSFER OFFICE IN HONG KONG

Tricor Secretaries Limited
26/F., Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

BRANCH SHARE REGISTRARS AND TRANSFER OFFICE IN AUSTRALIA

Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth WA 6000

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1003,
10/F Knutsford Commercial Building,
4-5 Knutsford Terrace,
Tsim Sha Tsui, Kowloon
Tel: 852 3169 3631 Fax: 852 3169 3630

PRINCIPAL BANKERS

Hang Seng Bank Limited
Standard Charetered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited

WEBSITE

www.wnintl.com
www.irasia.com/listco/hk/wahnam

STOCK CODE

The Stock Exchange of Hong Kong Limited: 159
Australian Securities Exchange: WNI

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the twelve months and six months ended 31 December 2011

	Note	Twelve months ended 31 December 2011 HK$'000 (Unaudited)	Twelve months ended 31 December 2010 HK$'000 (Audited)	Six months ended 31 December 2011 HK$'000 (Unaudited)	Six months ended 31 December 2010 HK$'000 (Unaudited and unreviewed)
Revenue	4	**131,835**	131,996	**63,851**	76,807
Direct costs	6	**(119,809)**	(106,792)	**(60,395)**	(61,443)
Gross Profit		**12,026**	25,204	**3,456**	15,364
Other income	7	**17,887**	168	**16,262**	429
Other gains, net	8	**531,948**	1,790	**17,129**	2,000
Selling and administrative expenses	6	**(134,724)**	(95,622)	**(86,610)**	(70,312)
Exploration and evaluation expenses		**(139,415)**	(933)	**(121,737)**	(422)
Impairment of mining right	12	**(60,000)**	(153,000)	**(60,000)**	—
Finance costs	9	**(1,763)**	(4,001)	**(935)**	(715)
Profit/(loss) before income tax		**225,959**	(226,394)	**(232,435)**	(53,656)
Income tax credit/(expense)	10	**280**	(338)	**198**	(74)
Profit/(loss) for the period		**226,239**	(226,732)	**(232,237)**	(53,730)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(continued)*

For the twelve months and six months ended 31 December 2011

	Note	Twelve months ended 31 December 2011 HK$'000 (Unaudited)	Twelve months ended 31 December 2010 HK$'000 (Audited)	Six months ended 31 December 2011 HK$'000 (Unaudited)	Six months ended 31 December 2010 HK$'000 (Unaudited and unreviewed)
Other comprehensive income:					
Exchange differences arising on translation of foreign operations		**(148,495)**	32,405	**(234,295)**	21,002
Change in fair value on available-for-sale investments, net of tax		**(226,666)**	491,187	**(51,106)**	491,222
Release of deferred tax upon Step Acquisition		**125,559**	—	**—**	—
Release of deferred tax upon disposal of available-for-sale investments		**2,874**	—	**2,874**	—
Release of available-for-sale investments reserve upon Step Acquisition	24(a)	**(513,243)**	—	**—**	—
Release of available-for-sale investments reserve upon disposal of available-for-sale investments	15	**(13,355)**	—	**(13,355)**	—
Other comprehensive (loss)/income for the period		**(773,326)**	523,592	**(295,882)**	512,224
Total comprehensive (loss)/income for the period		**(547,087)**	296,860	**(528,119)**	458,494

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(continued)*

For the twelve months and six months ended 31 December 2011

	Note	Twelve months ended 31 December 2011 HK$'000 (Unaudited)	2010 HK$'000 (Audited)	Six months ended 31 December 2011 HK$'000 (Unaudited)	2010 HK$'000 (Unaudited and unreviewed)
Profit/(loss) for the period attributable to:					
Equity holders of the Company		**303,374**	(210,644)	**(162,815)**	(53,281)
Non-controlling interests		**(77,135)**	(16,088)	**(69,422)**	(449)
		226,239	(226,732)	**(232,237)**	(53,730)
Total comprehensive (loss)/income attributable to:					
Equity holders of the Company		**(389,875)**	309,987	**(347,455)**	457,032
Non-controlling interests		**(157,212)**	(13,127)	**(180,664)**	1,462
		(547,087)	296,860	**(528,119)**	458,494
Earnings/(loss) per share attributable to the equity holders of the Company		**HK cents**	HK cents	**HK cents**	HK cents
Basic	11	**6.30**	(5.99)	**(3.04)**	(1.39)
Diluted	11	**6.30**	N/A	**N/A**	N/A

The notes on pages 16 to 49 form an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	As at 31 December 2011 HK$'000 (Unaudited)	31 December 2010 HK$'000 (Audited)
Non-current assets			
Mining right	12	**819,326**	850,616
Property, plant and equipment	13	**96,794**	87,668
Goodwill		**11,405**	11,405
Intangible assets	14	**5,717,292**	11,217
Available-for-sale investments	15	**—**	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	16	**27,239**	30,013
Other receivables, deposits and prepayments		**22,003**	11,445
Amount due from a related party	26	**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

CONDENSED CONSOLIDATED BALANCE SHEET *(continued)*

	Note	As at 31 December 2011 HK$'000 (Unaudited)	31 December 2010 HK$'000 (Audited)
Current liabilities			
Trade payables	17	**9,928**	12,350
Other payables and accrued charges		**90,103**	46,069
Deposit received from a shareholder	18	**505,694**	—
Amounts due to related companies	26	**12,929**	4,368
Bank borrowings	19	**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
Equity			
Share capital	20	**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

CONDENSED CONSOLIDATED BALANCE SHEET *(continued)*

	Note	As at 31 December 2011 HK$'000 (Unaudited)	31 December 2010 HK$'000 (Audited)
Non-current liabilities			
Obligations under finance leases		**9,518**	2,860
Amount due to a related party	26	**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

The notes on pages 16 to 49 form an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company										
	Share capital HK$'000	Share premium HK$'000	Statutory reserve *(Note)* HK$'000	Convertible notes reserve HK$'000	Available-for-sale investments reserve HK$'000	Share-based compensation reserve HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
Balance at 1 January 2010 (Audited)	278,226	953,645	633	154,757	133,644	—	(8,300)	(389,449)	1,123,156	95,425	1,218,581
Comprehensive income											
Loss for the period	—	—	—	—	—	—	—	(210,644)	(210,644)	(16,088)	(226,732)
Other comprehensive income											
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	29,444	—	29,444	2,961	32,405
Change in fair value on available-for-sale investments *(note 15)*	—	—	—	—	662,306	—	—	—	662,306	—	662,306
Deferred tax impact on available-for-sale investments	—	—	—	—	(171,119)	—	—	—	(171,119)	—	(171,119)
Total other comprehensive income for the period	—	—	—	—	491,187	—	29,444	—	520,631	2,961	523,592
Total comprehensive income/(loss) for the period	—	—	—	—	491,187	—	29,444	(210,644)	309,987	(13,127)	296,860
Transactions with equity holders											
Issue of shares	71,200	663,150	—	—	—	—	—	—	734,350	—	734,350
Transaction costs attributable to issue of shares	—	(18,391)	—	—	—	—	—	—	(18,391)	—	(18,391)
Issue of shares upon conversion of convertible notes	42,818	188,640	—	(154,757)	—	—	—	—	76,701	—	76,701
Share-based compensation	—	—	—	—	—	41,812	—	—	41,812	—	41,812
Appropriations to statutory reserve	—	—	600	—	—	—	—	(600)	—	—	—
Total transactions with equity holders	114,018	833,399	600	(154,757)	—	41,812	—	(600)	834,472	—	834,472
Balance at 31 December 2010 (Audited)	392,244	1,787,044	1,233	—	624,831	41,812	21,144	(600,693)	2,267,615	82,298	2,349,913

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(continued)*

	Attributable to equity holders of the Company									
	Share capital HK$'000	Share premium HK$'000	Statutory reserve *(Note)* HK$'000	Available-for-sale investments reserve HK$'000	Share-based compensation reserve HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
Balance at 1 January 2011 (Audited)	392,244	1,787,044	1,233	624,831	41,812	21,144	(600,693)	2,267,615	82,298	2,349,913
Comprehensive income										
Profit/(loss) for the period	–	–	–	–	–	–	303,374	303,374	(77,135)	226,239
Other comprehensive income										
Exchange differences arising on translation of foreign operations	–	–	–	–	–	(68,418)	–	(68,418)	(80,077)	(148,495)
Change in fair value on available-for-sale investments *(note 15)*	–	–	–	(316,125)	–	–	–	(316,125)	–	(316,125)
Deferred tax impact on available-for-sale investments	–	–	–	89,459	–	–	–	89,459	–	89,459
Release of deferred tax upon Step Acquisition	–	–	–	125,559	–	–	–	125,559	–	125,559
Release of deferred tax upon disposal of available-for-sale investments	–	–	–	2,874	–	–	–	2,874	–	2,874
Release of available-for-sale investments reserve upon Step Acquisition *(note 24(a))*	–	–	–	(513,243)	–	–	–	(513,243)	–	(513,243)
Release of available-for-sale investments reserve upon disposal of available-for-sale investments	–	–	–	(13,355)	–	–	–	(13,355)	–	(13,355)
Total other comprehensive loss for the period	–	–	–	(624,831)	–	(68,418)	–	(693,249)	(80,077)	(773,326)
Total comprehensive (loss)/income for the period	–	–	–	(624,831)	–	(68,418)	303,374	(389,875)	(157,212)	(547,087)
Transactions with equity holders										
Acquisition of subsidiary *(note 24)*	–	–	–	–	–	–	–	–	2,058,253	2,058,253
Issue of shares *(note 20)*	143,684	1,437,269	–	–	–	–	–	1,580,953	–	1,580,953
Additional non-controlling interests relating to outstanding share transactions of Brockman	–	–	–	–	–	–	–	–	4,288	4,288
Share-based compensation	–	–	–	–	4,256	–	–	4,256	–	4,256
Appropriations to statutory reserve	–	–	1,052	–	–	–	(1,052)	–	–	–
Total transactions with equity holders	143,684	1,437,269	1,052	–	4,256	–	(1,052)	1,585,209	2,062,541	3,647,750
Balance at 31 December 2011 (Unaudited)	535,928	3,224,313	2,285	–	46,068	(47,274)	(298,371)	3,462,949	1,987,627	5,450,576

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(continued)*

	Attributable to equity holders of the Company										
	Share capital	Share premium	Statutory reserve *(Note)*	Convertible notes reserve	Available-for-sale investments reserve	Share-based compensation reserve	Translation reserve	Accumulated losses	Total	Non-controlling interests	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Balance at 1 July 2010 (Unaudited)	372,944	1,586,891	633	—	133,609	8,468	2,053	(546,812)	1,557,786	80,836	1,638,622
Comprehensive income											
Loss for the period	—	—	—	—	—	—	—	(53,281)	(53,281)	(449)	(53,730)
Other comprehensive income											
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	19,091	—	19,091	1,911	21,002
Change in fair value on available-for-sale investments *(note 15)*	—	—	—	—	645,516	—	—	—	645,516	—	645,516
Deferred tax impact on available-for-sale investments	—	—	—	—	(154,294)	—	—	—	(154,294)	—	(154,294)
Total other comprehensive income for the period	—	—	—	—	491,222	—	19,091	—	510,313	1,911	512,224
Total comprehensive income/(loss) for the period	—	—	—	—	491,222	—	19,091	(53,281)	457,032	1,462	458,494
Transactions with equity holders											
Issue of shares	19,300	209,100	—	—	—	—	—	—	228,400	—	228,400
Transaction costs attributable to issue of shares	—	(8,947)	—	—	—	—	—	—	(8,947)	—	(8,947)
Share-based compensation	—	—	—	—	—	33,344	—	—	33,344	—	33,344
Appropriations to statutory reserve	—	—	600	—	—	—	—	(600)	—	—	—
Total transactions with equity holders	19,300	200,153	600	—	—	33,344	—	(600)	252,797	—	252,797
Balance at 31 December 2010 (Audited)	392,244	1,787,044	1,233	—	624,831	41,812	21,144	(600,693)	2,267,615	82,298	2,349,913

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(continued)*

	Attributable to equity holders of the Company									
	Share capital HK$'000	Share premium HK$'000	Statutory reserve *(Note)* HK$'000	Available-for-sale investments reserve HK$'000	Share-based compensation reserve HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
Balance at 1 July 2011 (Unaudited)	535,542	3,220,025	1,233	61,587	44,519	75,779	(134,504)	3,804,181	2,164,003	5,968,184
Comprehensive income										
Loss for the period	–	–	–	–	–	–	(162,815)	(162,815)	(69,422)	(232,237)
Other comprehensive income										
Exchange differences arising on translation of foreign operations	–	–	–	–	–	(123,053)	–	(123,053)	(111,242)	(234,295)
Change in fair value on available-for-sale investments *(note 15)*	–	–	–	(52,040)	–	–	–	(52,040)	–	(52,040)
Deferred tax impact on available-for-sale investments	–	–	–	934	–	–	–	934	–	934
Release of deferred tax upon disposal of available-for-sale investments	–	–	–	2,874	–	–	–	2,874	–	2,874
Release of available-for-sale investments reserve upon disposal of available-for-sale investment	–	–	–	(13,355)	–	–	–	(13,355)	–	(13,355)
Total other comprehensive loss for the period	–	–	–	(61,587)	–	(123,053)	–	(184,640)	(111,242)	(295,882)
Total comprehensive loss for the period	–	–	–	(61,587)	–	(123,053)	(162,815)	(347,455)	(180,664)	(528,119)
Transactions with equity holders										
Issue of shares *(note 20)*	386	4,288	–	–	–	–	–	4,674	–	4,674
Additional non-controlling interests relating to outstanding share transactions of Brockman	–	–	–	–	–	–	–	–	4,288	4,288
Share-based compensation	–	–	–	–	1,549	–	–	1,549	–	1,549
Appropriations to statutory reserve	–	–	1,052	–	–	–	(1,052)	–	–	–
Total transactions with equity holders	386	4,288	1,052	–	1,549	–	(1,052)	6,223	4,288	10,511
Balance at 31 December 2011 (Unaudited)	535,928	3,224,313	2,285	–	46,068	(47,274)	(298,371)	3,462,949	1,987,627	5,450,576

Note: The statutory reserve represents general reserve funds appropriated from the profit after tax of a subsidiary established in the People's Republic of China (the "PRC") in accordance with the PRC laws and regulations.

The notes on pages 16 to 49 form an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the twelve months and six months ended 31 December 2011

	Twelve months ended 31 December		Six months ended 31 December	
	2011 HK$'000 (Unaudited)	2010 HK$'000 (Audited)	**2011 HK$'000 (Unaudited)**	2010 HK$'000 (Unaudited and unreviewed)
Net cash used in operating activities	**(224,843)**	(8,031)	**(164,930)**	(5,494)
Cash flows from investing activities				
Acquisition of subsidiaries (net of cash and cash equivalents acquired)	**482,964**	—	**—**	—
Proceeds from disposal of financial assets at fair value through profit or loss	**6,763**	—	**—**	—
Dividends received from financial assets at fair value through profit or loss	**—**	91	**—**	91
Dividends received from available-for-sale investments	**2,449**	—	**2,449**	—
Interest received	**14,856**	115	**13,301**	87
Proceeds from disposal of available-for-sale investments	**259,720**	—	**259,720**	—
Proceeds from disposal of property, plant and equipment	**1,019**	644	**987**	640
Purchase of available-for-sale investments	**—**	(572,989)	**—**	(192,019)
Purchases of property, plant and equipment	**(25,824)**	(20,514)	**(9,011)**	(11,649)
Net cash generated from/(used in) investing activities	**741,947**	(592,653)	**267,446**	(202,850)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

For the twelve months and six months ended 31 December 2011

	Twelve months ended 31 December		Six months ended 31 December	
	2011 HK$'000 (Unaudited)	2010 HK$'000 (Audited)	**2011 HK$'000 (Unaudited)**	2010 HK$'000 (Unaudited and unreviewed)
Cash flows from financing activities				
Proceeds from borrowings	**12,637**	19,171	**2,339**	7,171
Finance lease	**14,389**	4,643	**4,345**	2,818
Proceeds from issuance of ordinary shares	**—**	734,350	**—**	228,400
Expenses on issuance of ordinary shares	**—**	(18,391)	**—**	(8,947)
Deposit received from a shareholder	**505,694**	—	**505,694**	—
Additional contribution from non-controlling interests	**4,288**	—	**4,288**	—
Repayment of borrowings	**(19,811)**	(16,807)	**(10,301)**	(8,790)
Repayment of obligations under finance leases	**(5,126)**	(2,965)	**(2,361)**	(1,830)
Interest paid	**(1,082)**	(1,183)	**(554)**	(583)
Finance lease charges	**(681)**	(236)	**(381)**	(132)
Net cash generated from financing activities	**510,308**	718,582	**503,069**	218,107
Net increase in cash and cash equivalents	**1,027,412**	117,898	**605,585**	9,763
Cash and cash equivalents at beginning of the period	**135,590**	16,758	**565,110**	124,434
Effects of foreign exchange rate changes	**(25,184)**	934	**(32,877)**	1,393
Cash and cash equivalents at end of the period, represented by				
Bank balances and cash	**1,137,818**	135,590	**1,137,818**	135,590

The notes on pages 16 to 49 form an integral part of this condensed consolidated financial information.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL

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

The Company is a public limited company incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "SEHK") and Australian Securities Exchange (the "ASX"). The Company was officially admitted to ASX on 7 January 2011 and the trading commenced on 11 January 2011. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

This condensed consolidated financial information is presented in thousands of Hong Kong dollar ("HK$'000"), unless otherwise stated. This condensed consolidated financial information was approved for issue by the Board of Directors on 29 February 2012. This condensed consolidated financial information has not been audited.

Prior to the commencement of a takeover bid of Brockman Resources Limited (the "Brockman"), the Group held 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 (the "Step Acquisition"). The total equity interest held by the Group had increased to 55.33% and the control over Brockman passed to the Group on the same date. Please refer to note 24 in the condensed consolidated financial information for the accounting of this Step Acquisition.

On 12 December 2011, the Company lodged another takeover offer to acquire all of the outstanding shares of Brockman that the Company has not already owned (the "Takeover Offer"). The bidder's statement was lodged and dispatched on 21 December 2011, marking the official commencement of the Takeover Offer. The Takeover Offer has not been completed as at 31 December 2011. Details and terms of the Takeover Offer can be found in the bidder's statement published on the websites of SEHK and ASX.

2 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. Furthermore, the Company has also presented the condensed consolidated statement of comprehensive income, changes in equity and cash flows for the six months ended 31 December 2011 and 2010 in accordance with the disclosure requirement of the ASX.

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 the Rules Governing the Listing of Securities on the SEHK. 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").

3 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.

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

(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 and the estimates for determining recoverable amount of the mining right in the PRC.

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

(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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

3 **PRINCIPAL ACCOUNTING POLICIES** (Continued)

(b) **Amendments and interpretations to existing standards that are effective for the financial year beginning 1 January 2011 but not relevant to the Group**

- Amendment to IAS 32 "Classification of Rights Issues" is effective for annual periods beginning on or after 1 February 2010. This is not currently applicable to the Group, as it has not made any rights issue.

- Amendment to IFRIC – Int 14 "Prepayments of a Minimum Funding Requirement": is effective for annual periods beginning on or after 1 January 2011. This is not currently relevant to the Group, as it does not have a minimum funding requirement.

- IFRIC – Int 19 "Extinguishing Financial Liabilities with Equity Instruments" is effective for annual periods beginning on or after 1 July 2010. This is not currently applicable to the Group, as it has no extinguishment of financial liabilities replaced with equity instruments currently.

- Third improvements to International Financial Reporting Standards (2010) were issued in May 2010 by IASB, except for amendment to IAS 34 "Interim Financial Reporting" as disclosed in note 3(a) and the clarification to allow the presentation of an analysis of the components of other comprehensive income by item within the notes, all are not currently relevant to the Group. All improvements are effective in the financial year of 2011.

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

(c) New standards and amendments to standards that are not yet effective and have not been early adopted by the Group

		Effective for annual periods beginning on or after
IAS 1 (Amendment)	Presentation of Financial Statements	1 July 2012
IAS 12 (Amendment)	Income Taxes	1 January 2012
IAS 19 (Amendment)	Employees Benefits	1 January 2013
IAS 27 (Amendment)	Separate Financial Statements	1 January 2013
IAS 28 (Amendment)	Investments in Associates and Joint Ventures	1 January 2013
IFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 July 2011
IFRS 7 (Amendment)	Disclosure – Transfer of Financial Assets	1 July 2011
IFRS 9	Financial Instruments	1 January 2015
IFRS 10	Consolidated Financial Statements (and IAS 27 (as amended in 2011) is renamed "Separate Financial Statements")	1 January 2013
IFRS 11	Joint Arrangements	1 January 2013
IFRS 12	Disclosure of Interests in Other Entities	1 January 2013
IFRS 13	Fair Value Measurements	1 January 2013

The impact of adoption of these new/revised standards, amendments to standards and interpretations to existing standards in future periods is not currently known or cannot be reasonably estimated.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

	Twelve months ended 31 December		Six months ended 31 December	
	2011 **HK$'000** **(Unaudited)**	2010 HK$'000 (Audited)	**2011** **HK$'000** **(Unaudited)**	2010 HK$'000 (Unaudited and unreviewed)
Income from limousine rental services	**105,198**	99,903	**52,007**	55,018
Income from airport shuttle bus services	**13,465**	14,667	**6,433**	7,778
Sales of copper, lead and zinc ore concentrates	**13,172**	17,426	**5,411**	14,011
	131,835	131,996	**63,851**	76,807

5 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 24, 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 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

5 SEGMENT INFORMATION (Continued)

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

	Twelve months ended 31 December 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	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 segment 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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

5 SEGMENT INFORMATION (Continued)

	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 expenses						(70,890)
Finance costs						(4,001)
Loss before income tax						(226,394)
Other segment 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)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

5 SEGMENT INFORMATION (Continued)

	Six months ended 31 December 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	52,007	6,433	5,411	—	—	63,851
Segment results	(2,768)	(310)	(66,961)	(140,422)	17,219	(193,242)
Unallocated income						551
Unallocated expenses						(38,809)
Finance costs						(935)
Loss before income tax						(232,435)
Other segment information:						
Depreciation of property, plant and equipment	(7,799)	(1)	(2,169)	(402)	(6)	(10,377)
Impairment of mining right	—	—	(60,000)	—	—	(60,000)
Amortisation of intangible assets	(523)	(278)	—	—	—	(801)
Amortisation of mining right	—	—	(4,565)	—	—	(4,565)
Finance costs	(859)	(76)	—	—	—	(935)
Income tax credit	134	64	—	—	—	198

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

5 **SEGMENT INFORMATION** (Continued)

	Six months ended 31 December 2010					
	Limousine rental services HK$'000 (Unaudited and Unreviewed)	Airport shuttle bus services HK$'000 (Unaudited and Unreviewed)	Mining operation HK$'000 (Unaudited and Unreviewed)	Mineral tenements HK$'000 (Unaudited and Unreviewed)	Others HK$'000 (Unaudited and Unreviewed)	Total HK$'000 (Unaudited and Unreviewed)
Segment revenue from external customers	55,018	7,778	14,011	—	—	76,807
Segment results	4,965	58	(4,366)	—	1,911	2,568
Unallocated income						(21)
Unallocated expenses						(55,488)
Finance costs						(715)
Loss before income tax						(53,656)
Other segment information:						
Depreciation of property, plant and equipment	(6,527)	(2)	(1,646)	—	—	(8,175)
Amortisation of intangible assets	(523)	(278)	—	—	—	(801)
Amortisation of mining right	—	—	(4,164)	—	—	(4,164)
Finance costs	(619)	(96)	—	—	—	(715)
Income tax credit/ (expense)	353	(427)	—	—	—	(74)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

5 SEGMENT INFORMATION (Continued)

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 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	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

5 SEGMENT INFORMATION (Continued)

	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	18,331	—	2,100	—	—	20,431

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

6 EXPENSES BY NATURE

	Twelve months ended 31 December		Six months ended 31 December	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(Unaudited)	(Audited)	**(Unaudited)**	(Unaudited and unreviewed)
Amortisation of intangible assets (included in direct costs)	**1,602**	1,602	**801**	801
Amortisation of mining right (included in direct costs)	**8,886**	5,421	**4,565**	4,164
Cost of inventories	**5,241**	9,893	**1,972**	8,584
Depreciation of property, plant and equipment	**19,850**	15,770	**10,522**	8,342
Loss on disposal of property, plant and equipment	**719**	—	**481**	556
Motor vehicles rental charges	**25,112**	22,591	**12,399**	12,181
Operating lease rentals in respect of office premises	**7,031**	5,540	**4,205**	4,010
Professional fees for takeover bids	**41,861**	16,513	**19,055**	16,513
Staff costs *(note)*	**78,300**	66,228	**55,596**	46,973

Note:

Staff costs include:

	Twelve months ended 31 December		Six months ended 31 December	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(Unaudited)	(Audited)	**(Unaudited)**	(Unaudited and unreviewed)
Wages, salaries and welfares	**68,512**	35,181	**48,494**	19,480
Directors' emoluments (including share-based compensation)	**5,198**	26,717	**3,974**	25,765
Retirement benefit scheme contributions	**2,968**	2,358	**2,251**	1,524
Share-based compensation	**1,622**	1,972	**877**	204
	78,300	66,228	**55,596**	46,973

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

7 OTHER INCOME

	Twelve months ended 31 December		Six months ended 31 December	
	2011 HK$'000 (Unaudited)	2010 HK$'000 (Audited)	**2011 HK$'000 (Unaudited)**	2010 HK$'000 (Unaudited and unreviewed)
Interest on bank deposits	**14,856**	115	**13,301**	87
Dividend income from financial assets at fair value through profit or loss	**—**	91	**—**	91
Dividend income from available-for-sale investments	**2,449**	—	**2,449**	—
Others	**582**	(38)	**512**	251
	17,887	168	**16,262**	429

8 OTHER GAINS, NET

	Twelve months ended 31 December		Six months ended 31 December	
	2011 HK$'000 (Unaudited)	2010 HK$'000 (Audited)	**2011 HK$'000 (Unaudited)**	2010 HK$'000 (Unaudited and unreviewed)
Unrealised gain on financial assets at fair value through profit or loss	**—**	1,790	**—**	2,000
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 in FerrAus	**49,390**	—	**49,390**	—
Loss on disposal of available-for-sale investments, net	**(32,261)**	—	**(32,261)**	—
	531,948	1,790	**17,129**	2,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

8 OTHER GAINS, NET (Continued)

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.

9 FINANCE COSTS

	Twelve months ended 31 December		Six months ended 31 December	
	2011 HK$'000 (Unaudited)	2010 HK$'000 (Audited)	**2011 HK$'000 (Unaudited)**	2010 HK$'000 (Unaudited and unreviewed)
Interest expense on convertible note	**—**	2,582	**—**	—
Interest on bank borrowings wholly repayable within five years	**1,082**	1,183	**554**	583
Interest on obligation under finance leases	**681**	236	**381**	132
	1,763	4,001	**935**	715

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

10 INCOME TAX (CREDIT)/EXPENSE

	Twelve months ended 31 December		Six months ended 31 December	
	2011 **HK$'000** **(Unaudited)**	2010 HK$'000 (Audited)	**2011** **HK$'000** **(Unaudited)**	2010 HK$'000 (Unaudited and unreviewed)
Current income tax:				
Hong Kong Profits Tax				
Current period	**54**	974	**(253)**	232
Under/(over) provision in prior periods	**223**	(270)	**211**	(270)
PRC Enterprise Income Tax				
Over provision in prior periods	**—**	(9)	**—**	(9)
Deferred income tax:				
(Reversal)/origination of temporary differences	**(557)**	(357)	**(156)**	121
	(280)	338	**(198)**	74

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

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 subsidiaries 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 periods (2010: Nil).

11 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 periods.

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		**Six months ended 31 December**	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(Unaudited)	(Audited)	**(Unaudited)**	(Unaudited and unreviewed)
Profit/(loss) for the period attributable to the equity holders of the Company *(HK$'000)*	**303,374**	(210,644)	**(162,815)**	(53,281)
Number of shares				
Weighted average number of ordinary shares for the purpose of calculating the basic earnings/(loss) per share and diluted earnings/(loss) per share *(thousands)*	**4,813,668**	3,515,217	**5,358,985**	3,832,785
Earnings/(loss) per share attributable to the equity holders of the Company				
Basic (HK cents)	**6.30**	(5.99)	**(3.04)**	(1.39)
Diluted (HK cents)	**6.30**	N/A	**N/A**	N/A

For the twelve months ended 31 December 2011 and 31 December 2010 and six months ended 31 December 2011 and 31 December 2010, the effect of assumed conversion of the convertible note and the share options of the Company was anti-dilutive.

12 MINING RIGHT

	2011 HK$'000 (Unaudited)	2010 HK$'000 (Unaudited)
Balance as at 1 January	**850,616**	980,568
Amortisation during the period	**(4,930)**	(2,847)
Impairment loss	**—**	(153,000)
Exchange difference	**20,109**	10,950
Balance as at 30 June	**865,795**	835,671
Amortisation during the period	**(7,435)**	(5,222)
Impairment loss	**(60,000)**	—
Exchange difference	**20,966**	20,167
Balance as at 31 December	**819,326**	850,616

The mining right represents the right to conduct mining activities in Damajianshan, Honghe Zhou, Luchun Country, Yunnan.

The recent volatility of copper price coupled with the delay in the production plan as a result of electricity suspension during the period, are considered to be impairment indicators which have triggered the need to perform an impairment assessment. The directors have taken into consideration two valuation approaches, namely sales comparison and discounted cash flow, to determine the recoverable amount of the mining right as at 31 December 2011. Key assumptions adopted in the discounted cash flow model prepared by management are summarised as follows:

Long-term copper price	US$6,890 per tonne
Discount rate	16.25%
Production capacity	650 tonnes to 3,000 tonnes per day

An impairment loss of approximately HK$60,000,000 arose from the valuation of mining right for the twelve months and six months ended 31 December 2011 (Twelve months ended 31 December 2010: HK$153,000,000, six months ended 31 December 2010: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

13 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2011, the Group acquired assets with a cost of HK$9,011,000 (six months ended 31 December 2010: HK$11,649,000).

For the twelve months ended 31 December 2011, the Group acquired assets with a cost of HK$28,149,000 (twelve months ended 31 December 2010: HK$20,514,000), including assets acquired through business combination of HK$2,325,000 (twelve months ended 31 December 2010: Nil).

14 INTANGIBLE ASSETS

	2011 HK$'000 (Unaudited)	2010 HK$'000 (Unaudited)
Balance as at 1 January	**11,217**	12,819
Acquisition of subsidiaries *(note 24)*	**5,955,062**	—
Amortisation during the period *(note 6)*	**(801)**	(801)
Exchange difference	**84,965**	—
Balance as at 30 June	**6,050,443**	12,018
Amortisation during the period *(note 6)*	**(801)**	(801)
Exchange difference	**(332,350)**	—
Balance as at 31 December	**5,717,292**	11,217

15 AVAILABLE-FOR-SALE INVESTMENTS

	2011 HK$'000 (Unaudited)	2010 HK$'000 (Unaudited)
Balance as at 1 January	**1,545,224**	309,929
Additions	**—**	380,970
Fair value (losses)/gains recognised in equity	**(264,085)**	16,790
Reclassification to investment in subsidiaries *(note 24)*	**(973,152)**	—
Balance as at 30 June	**307,987**	707,689
Additions	**296,901**	192,019
Fair value (losses)/gains recognised in equity	**(52,040)**	645,516
Disposals *(note)*	**(552,848)**	—
Balance as at 31 December	**—**	1,545,224
Listed investments		
– Equity securities listed in Australia	**—**	1,545,224

The fair values of available-for-sale investments presented on the condensed consolidated balance sheet were determined based on their current bid price in an active market. All of them were classified as level 1 under IFRS 7 (Amendment).

Note:

On 20 September 2011, the Group accepted the general offer by Atlas Iron Limited ("Atlas"), a listed company in Australia, to dispose the 40,934,400 shares of FerrAus Limited ("FerrAus") in exchange of 10,233,599 Atlas shares. On the date of disposal, carrying value of available-for-sale investments is approximately HK$291,982,000. The cumulative fair value gain recognised in the available-for-sale investments reserve of HK$49,390,000 has been released to the consolidated income statement and an additional disposal gain of HK$4,919,000 has been recognised, representing the difference between the fair value of consideration and fair value of available-for-sale investment in FerrAus on disposal date.

In October 2011, the Group has disposed all of the 10,233,599 shares of Atlas held with carrying value of approximately HK$260,866,000 on the market. The cumulative fair value loss recognised in the available-for-sale investments reserve of HK$36,035,000 has been released to "Other gains, net" in the consolidated income statement for the twelve months and six months ended 31 December 2011.

16 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 **HK$'000** **(Unaudited)**	2010 HK$'000 (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

17 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 **HK$'000** **(Unaudited)**	2010 HK$'000 (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

18 DEPOSIT RECEIVED FROM A SHAREHOLDER

Pursuant to the subscription agreement dated 12 December 2011 entered into between the Company and a shareholder of the Company, Ocean Line Holdings Limited ("Subscriber"), a total of 555,100,000 new ordinary shares of the Company with subscription price of HK$0.60 per share and convertible bonds in principal amount of HK$173,940,000 with conversion price of HK$0.60 per share shall be issued to the Subscriber upon fulfillment of all conditions set out in the subscription agreement. As at 31 December 2011, a non-interest bearing deposit of HK$505,694,000 was received by the Company from the Subscriber in accordance with the subscription agreement. The issue of shares and convertible bonds to the Subscriber was subsequently approved in the special general meeting on 6 January 2012 and completed on 10 January 2012 (note 28).

19 BANK BORROWINGS

During the six months ended 31 December 2011, the Group renewed the bank loans and received the proceeds amounting to HK$2,339,000 (six months ended 31 December 2010: HK$7,171,000). For the twelve months ended 31 December 2011, the Group renewed the bank loans and received the proceeds amounting to HK$12,637,000 (twelve months ended 31 December 2010: HK$19,171,000). The loans carry interest at variable market rate of 1.75% to 3.25% over 1 month HIBOR per annum and are repayable on demand. The proceeds were used to finance the acquisition of property, plant and equipment.

The Group has undrawn banking facilities of approximately HK$14,752,000 as at 31 December 2011 (31 December 2010: HK$12,378,000).

As at 31 December 2011, guarantees have been given to a bank by the Company and a related party of a subsidiary's former shareholder jointly with no charge in respect of banking facilities extended to the subsidiary. The guarantees amounted to approximately HK$75,200,000 and HK$38,000,000 (31 December 2010: HK$75,200,000 and HK$38,000,000) respectively.

20 SHARE CAPITAL

	Number of shares '000	Share capital HK$'000
Ordinary shares of HK$0.10 each		
Authorised		
As at 1 January 2011 and 31 December 2011	10,000,000	1,000,000
Issued and fully paid		
As at 1 January 2011	3,922,435	392,244
Issue of shares in consideration for the acquisition of a subsidiary *(note a)*	1,432,981	143,298
As at 30 June 2011	5,355,416	535,542
Issue of shares as consideration of advisory fee *(note b)*	3,863	386
As at 31 December 2011	5,359,279	535,928

Note:

(a) 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 of HK$0.10 each per share as consideration for the acquisition. The share issued ranked pari passu with the existing shares in issue in all respects. Details of business combination are disclosed in note 24.

(b) On 6 July 2011, the Company issued a total of 3,863,078 ordinary shares at the issue price of Australian Dollar ("A$") 0.20 per share to settle part of the advisory fee payable to Capital Investment Partners Pty Ltd, the Company's financial and corporate adviser in Australia. The new shares rank pari passu in all respects with the existing shares.

21 SHARE OPTION SCHEME

Share option scheme of the Company

The share option scheme (the "Share Option Scheme") of the Company was adopted by the Company pursuant to the written resolutions of the sole shareholder passed on 14 August 2002.

The fair value of the employee services and consultancy services received in exchange for the grant of the share options is recognised as an expense, with a corresponding adjustment to share-based compensation reserve, over the vesting period. At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.

On 18 January 2010, 11 February 2010, 11 November 2010 and 14 December 2011, the Company granted 9,000,000, 27,000,000, 39,000,000 and 57,000,000 share options to the eligible persons including the directors, at the exercise price of HK$1.164 per share, HK$1.24 per share, HK$2.00 per share and HK$0.72 per share respectively. Each share option gives the holder the right to subscribe one ordinary share of the Company. During the twelve months and six months ended 31 December 2011, 500,000 share options lapsed by reason of a grantee ceased to be an employee of the Group. Movements in the number of share options outstanding are as follows:

	Option type	Outstanding as at 1 January 2011	Granted during the period	Lapsed during the period	Outstanding as at 30 June 2011
Directors					
Luk Kin Peter Joseph	2010C	39,000,000	—	—	39,000,000
Chan Kam Kwan, Jason	2010A	1,500,000	—	—	1,500,000
Lau Kwok Kuen, Eddie	2010A	1,000,000	—	—	1,000,000
Uwe Henke Von Parpart	2010A	1,000,000	—	—	1,000,000
Yip Kwok Cheung, Danny	2010A	1,000,000	—	—	1,000,000
Sub-total		43,500,000	—	—	43,500,000
Employees	2010A	4,500,000	—	—	4,500,000
Consultants	2010B	27,000,000	—	—	27,000,000
Total		75,000,000	—	—	75,000,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

21 SHARE OPTION SCHEME (Continued)

Share option scheme of the Company (Continued)

	Option type	Outstanding as at 1 July 2011	Granted during the period	Lapsed during the period	Outstanding as at 31 December 2011
Directors					
Luk Kin Peter Joseph	2010C	39,000,000	—	—	39,000,000
Chan Kam Kwan, Jason	2010A	1,500,000	—	—	1,500,000
Lau Kwok Kuen, Eddie	2010A	1,000,000	—	—	1,000,000
Uwe Henke Von Parpart	2010A	1,000,000	—	—	1,000,000
Yip Kwok Cheung, Danny	2010A	1,000,000	—	—	1,000,000
Sub-total		43,500,000	—	—	43,500,000
Employees	2010A	4,500,000	—	(500,000)	4,000,000
	2011A	—	50,000,000	—	50,000,000
	2011B	—	7,000,000	—	7,000,000
		4,500,000	57,000,000	(500,000)	61,000,000
Consultants	2010B	27,000,000	—	—	27,000,000
Total		75,000,000	57,000,000	(500,000)	131,500,000

The fair values of the 2010A, 2010B, 2010C, 2011A and 2011B share options were calculated using the Binomial model prepared by an independent valuer. The inputs into the model were as follows:

	2010A	2010B	2010C	2011A	2011B
Exercise price	HK$1.164	HK$1.24	HK$2.00	HK$0.72	HK$0.72
Volatility	83%	82%	55%	50%	55%
Expected option life	4 years	4 years	3 years	3 years	4 years
Annual risk-free rate	1.46%	1.502%	0.570%	0.464%	0.649%
Expected Dividend yield	0%	0%	0%	0%	0%

For the six months ended 31 December 2011, the Company recognised the total expense of HK$1,549,000 (six months ended 31 December 2010: HK$33,344,000) in relation to the share options granted by the Company. For the twelve months ended 31 December 2011, the Company recognised the total expense of HK$4,256,000 (twelve months ended 31 December 2010: HK$41,812,000) in relation to the share options granted by the Company.

21 SHARE OPTION SCHEME (Continued)

Share option scheme of Brockman

An employee share option plan ("Brockman Employee Share Option Plan") was adopted by the Board of Directors of Brockman, a subsidiary of the Company, on 26 August 2008. There were 4,900,000 options outstanding as at 31 December 2011 which have an exercise price in the range of A$1.25 to A$5.85.

No terms of equity-settled share-based payment transactions (including options and rights granted as compensation to a key management person of Brockman) have been altered or modified by the issuing entity during the twelve months and six months ended 31 December 2011 other than where employee options have been exercised utilizing the Employee Loan Scheme ("ELS") as approved by shareholders of Brockman at the November 2008 Annual General Meeting of Brockman. Under the terms of the ELS Brockman retains security over the loan shares until the associated loan amount and related interest is repaid. Interest is charged on the loans at statutory rates. At 31 December 2011, 4,310,032 loan shares remained under the ELS as the employees have not repaid the loan due to Brockman. Due to the limited recourse nature of the ELS, accrued interest and the loan shares contribution to equity are not recorded.

22 COMMITMENTS

(a) Operating lease commitments

As at 31 December 2011, the Group had commitments mainly for future minimum lease payments under non-cancellable operating lease in respect of office premises, car parks, and counters in the international airport in Hong Kong which falls due as follows:

	As at 31 December	
	2011 HK$'000 (Unaudited)	2010 HK$'000 (Audited)
Not later than 1 year	**5,858**	4,926
Later than 1 year and no later than 5 years	**3,429**	1,654
	9,287	6,580

Leases are negotiated for an average of two years and rentals are fixed for the lease period.

22 COMMITMENTS (Continued)

(b) Capital commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	As at 31 December	
	2011 **HK$'000** **(Unaudited)**	2010 HK$'000 (Audited)
Property, plant and equipment		
Contracted but not provided for	**3,018**	8,152

(c) Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements in Australia, the Group is required to perform minimum exploration work to meet the minimum expenditure of A$1,530,000 (equivalent to approximately HK$12,087,000) over the next twelve months.

Exploration expenditure commitments for subsequent years are contingent upon future exploration results. Obligations are subject to change upon expiry of the exploration leases or when application for a mining lease is made and have not been provided for in the consolidated financial statements.

(d) Joint venture commitments

The Group is involved in a number of joint venture arrangements. The Group's share of this commitment is A$210,000 (equivalent to approximately HK$1,659,000).

(e) Contingencies

Contingent advisory fees

The Group had engaged performance advisors for its Takeover Offer launched on 12 December 2011. Part of the advisory fees incurred by the advisors are contingent on the outcome of the takeover. As the Takeover Offer is still in progress, the Group is unable to determine the amount of such contingent advisory fees at this stage.

Native title claims

Native title claims have been made with respect to areas which include tenements in which controlled entities of Brockman have interests, and these controlled entities are unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect them or their projects.

23 PLEDGE OF ASSETS

At 31 December 2011, the Group pledged the motor vehicles with a carrying value of approximately HK$11,079,000 (31 December 2010: HK$15,093,000) to secure general banking facilities granted to a subsidiary of the Company.

At 31 December 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 in Australia. The arrangements were supported by term deposits for the amounts of A$349,000 (equivalent to approximately HK$2,757,000) (31 December 2010: Nil) which were considered as restricted cash and classified as non-current asset.

24 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 the control over Brockman passed to the Group on the same date. This Step 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 Step 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

24 BUSINESS COMBINATION (Continued)

Notes: (Continued)

(a) (Continued)

(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 twelve months ended 31 December 2011.

(ii) The previously held interest of 22.34% in Brockman held by the Group prior to the completion of Step 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, net" (note 8).

(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 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

24 BUSINESS COMBINATION (Continued)

(c) (Continued)

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 the date of acquisition with reference to the advice obtained from an independent valuer. The fair value of the intangible assets is provisional.

The fair value of Marillana project was estimated by applying discounted cash flow approach. Key assumptions adopted are summarised as follows:

Estimated mine life	25 years from 2014 to 2038
Production capacity	17 Million Tonne per year
Price forecast (Per Dry Metric Tonne unit, dmtu)	2011: US¢172.00 per dmtu 2012: US¢149.55 per dmtu 2013: US¢133.35 per dmtu 2014: US¢136.50 per dmtu 2015 to 2038: US¢136.50 per dmtu
Discount rate	13.7%

(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 twelve months ended 31 December 2011.

(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.

25 JOINT VENTURES

Details of the Group's interest in the joint ventures are as follows:

Name of joint venture	Interest held in share of output	Principal activities
North West Infrastructure Pty Ltd *(note a)*	33.3%	Port and related infrastructure
Irwin-Coglia JV *(note b)*	40%	Nickel exploration

25 JOINT VENTURES (Continued)

Notes:

(a) North West Infrastructure Pty Ltd is a jointly controlled entity incorporated in Australia which is seeking to develop port and related infrastructure on behalf of the North West Iron Ore Alliance ("NWIOA") members. All contributions to the NWIOA are expensed as incurred as part of exploration expenditure.

(b) Irwin-Coglia is an unincorporated joint venture operating in Australia for the purpose of exploration activities and holding of tenement interests.

26 RELATED PARTY DISCLOSURES

(a) Material related party transactions

Save as disclosed elsewhere in this condensed consolidated financial information, the Group has the following related party transactions during the periods:

	Twelve months ended 31 December		Six months ended 31 December	
	2011 HK$'000 (Unaudited)	2010 HK$'000 (Audited)	**2011 HK$'000 (Unaudited)**	2010 HK$'000 (Unaudited and unreviewed)
Administrative expenses paid to a related company *(note i)*	**120**	—	**90**	—
Consultancy fees paid to related parties *(note ii)*	**1,009**	—	**1,009**	—

Note:

(i) Administrative expenses were paid to a related company in which Mr. Peter Luk, the director of the Company, has beneficial interest.

(ii) Consultancy fees were paid to the Brierley Family Trusts and Richard M Wright. Mr. Brierley, the beneficial owner of the Brierley Family Trusts, and Mr. Wright are the directors of a subsidiary of the Company.

26 RELATED PARTY DISCLOSURES (Continued)

(a) Material related party transactions (Continued)

In the opinion of the directors of the Company, the above related party transactions were carried out in the normal course of business and at fair market terms mutually agreed between the Group and the respective related parties.

(b) Related party balances

The amounts due from/to related parties included as current assets or current liabilities are unsecured, interest-free and repayable on demand. For the amount due to a related party classified as a non-current liability, it is unsecured, interest-free and is not repayable within the next twelve months.

(c) Compensation of key management personnel

The remuneration of directors and other members of key management during the periods were as follows:

	Twelve months ended 31 December		Six months ended 31 December	
	2011 **HK$'000** **(Unaudited)**	2010 HK$'000 (Audited)	**2011** **HK$'000** **(Unaudited)**	2010 HK$'000 (Unaudited and unreviewed)
Short-term employee benefits	**26,015**	7,588	**22,383**	4,486
Share-based compensation expenses	**2,192**	26,095	**1,489**	24,427
	28,207	33,683	**23,872**	28,913

27 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).

28 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

On 10 January 2011, the Company issued a total of 555,100,000 ordinary shares at the issue price of HK$0.60 per share and convertible bonds in the principal amount of HK$173,940,000 with conversion price of HK$0.60 per share in accordance with the subscription agreement entered into between the Company and the Subscriber. In respect of the issue of the convertible bonds, it will be recognised as a compound financial instrument comprising a liability component and an equity component recognised in the consolidated balance sheet of the Company. Subsequent to the issue of the convertible bonds, the Company will record in the income statement interest expense arising from the debt portion of the convertible bonds.

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

TO THE BOARD OF DIRECTORS OF WAH NAM INTERNATIONAL HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 4 to 49, which comprises the condensed consolidated balance sheet of Wah Nam International Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 31 December 2011 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the twelve months and six months period ended 31 December 2011, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". The comparative condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six months period ended 31 December 2010 were not reviewed or audited. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 February 2012

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 twelve months ended 31 December 2011, 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 and its associates 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 twelve months ended 31 December 2011, 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 twelve months ended 31 December 2011 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.

DIRECTORS' REPORT

The Directors present their report together with the condensed consolidated financial information for the twelve months ended 31 December 2011.

DIRECTORS

The Directors of the Company during the twelve months ended 31 December 2011 and up to the date of this report were:

Name	Period of Directorship
Executive Directors:	
Luk Kin Peter Joseph *(Chairman)*	Director since 19 February 2009
Chu Chung Yue, Howard	Appointed on 7 November 2011
Chan Kam Kwan, Jason	Director since 2 January 2008
Independent non-executive Directors:	
Lau Kwok Kuen, Eddie	Director since 14 December 2007
Uwe Henke Von Parpart	Director since 2 January 2008
Yip Kwok Cheung, Danny	Director since 5 August 2009

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).

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 report:

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 report:

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, 118 employees were in Hong Kong 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.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES

As at 31 December 2011, the interests and short positions of the directors and chief executives and their respective associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") as recorded in the register maintained by the Company pursuant to Sections 336 and 352 of the SFO, or which were otherwise required to be notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of the Listed Companies were as follows:

Long positions of ordinary shares of HK$0.10 each of the Company

Name of Director	Capacity	Number of share options held	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Mr. Luk Kin Peter Joseph	Controlled Corporation *(Note)*	—	361,300,276	6.74%
		39,000,000	—	0.73%
Mr. Chan Kam Kwan, Jason	Direct	1,500,000	—	0.03%
Mr. Lau Kwok Kuen, Eddie	Direct	1,000,000	—	0.02%
Mr. Uwe Henke Von Parpart	Direct	1,000,000	—	0.02%
Mr. Yip Kwok Cheung, Danny	Direct	1,000,000	—	0.02%

Note: The 361,300,276 Shares are held by Equity Valley Investments Limited, Prideful Future Investments Limited and Villas Green Investments Limited which in turn are held by The XSS Group Limited ("XSS"). XSS is owned 50% by Mr. Luk, 20% by Mrs Catherine Cheung Sze Wai (Mr. Luk's wife) and 30% by Mrs. Chong Yee Kwan (Mr. Luk's mother). Mr. Luk controls XSS.

Save as disclosed above, none of the Directors and chief executives, nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 31 December 2011.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than as disclosed in section "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares or Debentures", at no time during the period was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, was a party to any arrangements to enable the Directors of the Company and their associates to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2011, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO show that the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company:

Long positions in ordinary shares of HK$0.10 each of the Company

Name of shareholder	Capacity	Number of shares interested	Percentage of the issued share capital of the Company
Kwai Sze Hoi *(Note 1)*	Interest held by controlled corporations	1,168,604,440	21.81%
	Interest held jointly with another person		
Cheung Wai Fung *(Note 1)*	Interest held by controlled corporations	1,168,604,440	21.81%
	Interest held jointly with another person		

Name of shareholder	Capacity	Number of shares interested	Percentage of the issued share capital of the Company
Ocean Line Holdings Limited *(Note 1)*	Beneficial owner	1,107,884,440	20.67%
China Guoyin Investments Limited	Beneficial owner	321,661,070	6.01%
Zhu Yicai	Interest held by controlled corporations	321,661,070	6.01%
Shimmer Expert Investments Limited *(Note 2)*	Beneficial owner	279,548,000	5.22%
Groom High Investments Limited *(Note 2)*	Interest held by controlled corporations	279,548,000	5.22%
Zhang Li *(Note 2)*	Interest held by controlled corporations	279,548,000	5.22%

Notes:

1. The 1,168,604,440 shares of the Company, of which 60,720,000 shares are held jointly by Kwai Sze Hoi and Cheung Wai Fung, and the remaining 1,107,884,440 shares are held by Ocean Line Holdings Limited, which is held as to 60% by Kwai Sze Hoi and as to 40% by Cheung Wai Fung. The disclosed amount of shares include 555,100,000 subscription shares issued in January 2012 and 289,900,000 conversion shares to be issued pursuant to the subscription agreement entered into between Ocean Line Holdings Limited and the Company dated 12 December 2011.

2. The 279,548,000 shares of the Company are held by Shimmer Expert Investments Limited, a company wholly owned by Groom High Investments Limited, which is wholly owned by Zhang Li.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31 December 2011.

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

Luk Kin Peter Joseph
Chairman

Hong Kong, 29 February 2012

DIRECTORS' DECLARATION

The Company is incorporated in Bermuda under the Companies Act 1981 of Bermuda.

This declaration is made in accordance with a resolution of the Directors of the Company dated 29 February 2012. In the Directors' opinion:

(a) The condensed consolidated financial information and notes set out on pages 4 to 49 are:

   (i) complying with International Accounting Standards 34 Interim Financial Reporting and the disclosure requirements of Hong Kong Companies Ordinance;

   (ii) giving a true and fair view of the Groups' financial position as at 31 December 2011 and of its performance for the twelve months ended on that date;

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Luk Kin Peter Joseph
Chairman

Hong Kong, 29 February 2012