華南

Wah Nam International Holdings Limited

(Incorporated in Bermuda with limited liability)

SEHK Stock Code: 159
ASX Stock Code: WNI

Annual Report 2010

CONTENTS

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Executive Directors

Luk Kin Peter Joseph *(Chairman)*
Chan Kam Kwan, Jason

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

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REGISTERED OFFICE (AUSTRALIA)

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PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

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BRANCH SHARE REGISTRARS AND TRANSFER OFFICE IN HONG KONG

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BRANCH SHARE REGISTRARS AND TRANSFER OFFICE IN AUSTRALIA

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PRINCIPAL BANKERS

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

WEBSITES

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

STOCK CODE

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

CHAIRMAN'S STATEMENT

Dear Shareholders,

In the year of 2010, we have set off a series of corporate actions. The launch of the takeover of Brockman Resources Limited ("BRM") and FerrAus Limited ("FRS") represents a significant step in the course of our expansion. During the year, our focus was on the mining business and related investment. As the mining business was still at its infant stage, the provision of limousine rental services business and airport shuttle bus services business have nourished the Group as the major contributor of operating revenue.

Leveraging on the commodity boom and the huge demand for metal driven by the industrial revolution in China, we have actively looked into investment opportunities in foreign countries. We acquired a total of 22.3% of BRM, and a 19.9% of FRS prior to the lodgment of takeover of these 2 companies which are listed on the Australian Securities Exchange (the "ASX"). We aim at consolidating quality iron ore juniors in the Pilbara region of Western Australia and establish a strong foothold in the iron ore industry.

Milestone of listing on the ASX on a dual primary basis was also achieved on 7 January 2011. Looking back at the extraordinary year of 2010, where multiple expansions stemmed from various branches of the Group, the originality and consistency of dedication was rewarding and heartening. Not without challenges, still, we believe in our devotion and anticipate a modest return from our investment.

MINING OPERATION

In 2010, exploration of the copper mine of Smart Year Investments Limited ("Smart Year") remained our focus. Ground work laid will definitely facilitate the expansion plan in the future. Further drilling works, detailed prospecting and scoping plan has to be done prior to reaching any significant results on exploration activities. We have commenced a drilling program to better define the lithology, grade and assemblage within the mining lease covered area for furthering our mine planning and process design.

CHAIRMAN'S STATEMENT

LIMOUSINE RENTAL SERVICES AND AIRPORT SHUTTLE SERVICES BUSINESS

Our limousine rental services business sustained a steady growth and we considered the growth in line with our expectation. During the year, increment in both the sales and operating profit were noted due to the increase in business brought by the Shanghai World Expo.

We continue to provide limousine rental services in Hong Kong and the PRC. The limousine rental services has a fleet of over 100 Mercedes Benz and other luxurious locomotives to serve more than 40 hotels in Hong Kong. Nonetheless, operating points in the PRC has contributed a significant portion of income of this segment. In year 2010, geographically our Shanghai operation has recorded the strongest growth compared to other operation points.

PROSPECT

Going forward, more focus will be put to our mining business and investment. We will continue to develop our mine in Yunnan with a view to increase the Group's copper production and revenue. With promising reserves of the mine and the increasing copper price, we expect that in the coming years, the sales of copper ore concentrates will become a significant revenue source for the Group.

The Group will constantly seek for quality mining and natural resources investment opportunities in the PRC as well as other countries so as to enhance synergy and shareholders' wealth. We intend to become an investment holding company for various genres of resources around the globe.

The dual listing of the Group allows us to have another platform to raise necessary funding and enhances the flexibility to acquire assets in Australia. The Group will continue to explore different alternatives to strengthen its capital base.

Lastly, I would like to take this opportunity to thank our investors, suppliers and customers for their continuous support, and to thank our employees for their dedication to the Company.

Luk Kin Peter Joseph
Chairman

Hong Kong, 24 March 2011

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND FINANCIAL HIGHTLIGHTS

For the year ended 31 December 2010, the Group recorded total consolidated revenue of approximately HK$132.0 million (2009: HK$95.4 million), representing an increase of 38.4% compared to last financial year. The consolidated turnover consisted of HK$17.4 million (2009: HK$14.8 million) from the sales of copper ore concentrates, HK$99.9 million (2009: HK$65.6 million) from the provision of limousine rental services and HK$14.7 million (2009: HK$15.0 million) from the provision of airport shuttle bus services. As at 31 December 2010, the Group's net asset value amounted to HK$2,350.0 million (2009: HK$1,218.6 million) whereas cash and bank balances amounted to HK$140.8 million (2009: HK$22.0 million).

Loss attributable to equity holders of the Company increased from HK$78.9 million as recorded in previous year to HK$210.6 million in the year ended 31 December 2010. Basic loss per share is HK$5.99 cents, as compared to a loss of HK$3.44 cents of previous year. The increase in loss was mainly due to the impairment loss arisen from the valuation of mining right. An impairment loss on the valuation of mining right was recorded during the year amounted to approximately HK$153.0 million.

CORPORATE ACTIVITIES

The Takeover Offers

On 10 November 2010, the Company lodged two takeover offers simultaneously to acquire all outstanding shares of BRM and FRS that the Company has not already owned, through an all-scrip bid (collectively the "Takeover Offers"). The respective bidder's statements were lodged and despatched on 15 December 2010, marking the official commencement of the Takeover Offers. Details and terms of the Takeover Offers can be found in the bidders' statements published available on the website of ASX and the circular of the Company dated 26 November 2010.

Through the Takeover Offers, the Company intends to become a significant player in the Australian iron ore industry. The combination of the high quality assets may allow an independent rail solution to be developed, solving one of the key problems facing both BRM and FRS currently. Additionally, the merger of two members of the North West Iron Ore Alliance (NWIOA), which is currently working towards the completion of multi-berth facilities at Port Hedland, will greatly increase the chance of all parties agreeing to the port development terms and securing the required finance.

Dual Listing on both The Stock Exchange of Hong Kong Limited ("SEHK") and ASX

The Company was admitted to the Official List of ASX on 7 January 2011 through a public offering. A total of 15,000,000 shares and 15,000,000 options were issued under the offering as a result. The Company believes that the listing in both the Hong Kong and Australian markets will enhance the visibility and increase the liquidity of the Company's shares.

MANAGEMENT DISCUSSION AND ANALYSIS

MINING BUSINESS

Mining Operation

Our mining business mainly comprises the exploitation, processing and sale of copper, lead, zinc, arsenic, silver and other mineral resources, through the operations of Luchun Xingtai Mining Co., Ltd ("Luchun").

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

	2010	2009
Copper ore processed	**69,130 tonnes**	49,907 tonnes
Production of Copper Ore Concentrates	**407 Metal (t)**	340 Metal (t)
Sales of Copper Ore Concentrates	**307 Metal (t)**	410 Metal (t)
Average selling price per Metal (t) (without VAT tax)	**RMB49,000**	RMB32,000

During the year, the turnover of this segment was approximately HK$17.4 million (2009: HK$14.8 million), and the segment loss before amortisation and impairment of mining right was approximately HK$2.3 million (2009: HK$4.5 million). The production volume of copper ore concentrates was approximately 407 metal tonnes and sales of the copper ore concentrates was approximately 307 metal tonnes.

The average sales price of copper ore concentrates (without VAT tax) per metal tonne increased to approximately RMB49,000, as compared to last year of approximately RMB32,000, driven by the higher demand and shortage of supply in China as the country continues with its steady high economic growth.

Summary of Expenditure

Expenditure for production associated with the mining operation during the year amounted to approximately HK$19.8 million (2009: HK$19.3 million). Expenditure associated with exploration activities amounted to approximately HK$1.07 million (2009: HK$0.57 million).

MINING BUSINESS *(continued)*

Schedule and location of Mining Tenements

The Damajianshan Mine is located in Qimaba Township, Luchun County of Yunnan Province in the PRC. It is near the border between the PRC and Vietnam. The Group's wholly-owned subsidiary, Smart Year, owns 90% of Luchun.

Mining Permit No.	**5300000720259**
Registered holder	100% by Luchun Xingtai
Domicile	Fengqing Garden, Luchun county, Honghe Prefecture, Yunnan Province
Name of the Mine	Luchun Xingtai Damajianshan Copper Mine
Type of minerals	Copper
Exploitation manner	Underground

Copper Reserves and Resources

JORC Copper Reserves and Resources for the Damajianshan Mine are set out in the table below:

Copper (Cu) Mineral Reserve	**Ore Tonnage *(tonnes)***	**Cu Grading *(%)***	**Cu Metal *(tonnes)***
Proved	4,648,000	1.49	69,300
Probable	3,150,000	1.42	44,600
Total	7,798,000	1.46	113,900

Copper (Cu) Mineral Resources	**Ore Tonnage *(tonnes)***	**Cu Grading *(%)***	**Cu Metal *(tonnes)***
Measured	4,652,000	1.79	83,100
Indicated	3,153,000	1.70	53,500
Subtotal	7,805,000	1.75	136,500
Inferred	7,678,000	1.61	123,900
Total	15,483,000	1.68	260,400

MINING BUSINESS *(continued)*

Copper Reserves and Resources *(continued)*

These estimates under the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code") as of 31 December 2007 were included in the Independent Technical Report by Behre Dolbear Asia Inc ("BDAsia"). The BDAsia report and the reserve and resource estimates were reproduced in full in the Company's Prospectus lodged with ASX on 11 November 2010.

Given these estimates, and as described in the BDAsia report, it is thought that the mine operation has the potential to produce over 429,000 tonnes per annum for more than 18 years.

The technical information contained in this report in relation to the JORC reported Mineral Resources is based on information compiled by Dr. Deng Qingping, who was President of BDAsia and Global Director of Ore Reserves and Mine Planning for BDAsia. Dr. Deng is a Certified Professional Geologist of the American Institute of Professional Geologist and meets all the requirements for "Competent Person" as defined in the JORC Code.

Exploration

During the year, the Company continued to carry on with its exploration activities which have been reactivated since late 2009. The exploration activities are aimed to find additional resources in order to support the Company's further expansion plan. New drilling works and detailed prospecting and scoping plans are now being planned to better define the lithology, grade and assemblage within the mining lease. The Company expects to complete the detailed prospecting, scoping plans and drilling program towards the end of December 2011 and results will be released as they come to hand.

Competent Persons Statement

In accordance with the Australian Stock Exchange requirements, the technical information contained in this announcement in relation to the Damajianshan Mine has been reviewed by Mr. Christopher Arndt — a self employed consultant to the Company. Mr. Arndt is a Fellow of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC Code. Mr. Arndt consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

MINING BUSINESS *(continued)*

Investments

As at 31 December 2010, the Group had accumulated a total of 32,347,405 shares in BRM, for a total cost of approximately HK$459.8 million. Such shares represented approximately 22.3% equity interest in BRM. These BRM shares have a market value of HK$1,253.8 million as at 31 December 2010. The investment in BRM shares was accounted for as available-for-sale investment. The fair value gain of such investment and the exchange gain due to the appreciation of Australian dollars of HK$594.5 million in aggregate, net of tax, was recognised in the available-for-sale investment reserve in the balance sheet, thus no profit and loss effect relating to such investment was recorded. As of the date of this report, the Group's relevant interests amounted to approximately 28.05% of BRM inclusive of the acceptances on the ongoing Takeover Offers.

As at 31 December 2010, the Group had accumulated a total of 40,934,400 shares in FRS, for a total cost of approximately HK$242.6 million. Such share represented approximately 19.9% equity interest in FRS. These FRS shares have a market value amounted to HK$291.4 million as at 31 December 2010. The investment of FRS was accounted for as available-for-sale investment. The fair value gain of such investment and the exchange gain due to the appreciation of Australian dollars of HK$30.3 million in aggregate, net of tax, was recognised in the available-for-sale investment reserve in the balance sheet, thus no profit and loss effect relating to such investment is recorded. Dilutive measures have been implemented by FRS, during February 2011, approximately 40 million placement shares have been issued thereby enlarging the share base from 205,700,890 shares to 249,398,565 shares. As of the date of this report, the Group's relevant interests have been diluted to approximately 17.04% of FRS inclusive of acceptance on the ongoing Takeover Offers.

LIMOUSINE RENTAL SERVICES AND AIRPORT SHUTTLE SERVICES BUSINESS

Provision of limousine rental services and airport shuttle bus services

During the year, this segment has recorded a revenue of approximately HK$114.6 million representing an increase of 42.2% as compared to the revenue of HK$80.6 million recorded in previous year. Earnings before interest, taxes and amortisation for this segment was HK$9.0 million, representing an increase of 188.4% as compared to that of HK$3.1 million of previous year. Hong Kong remains the largest market of this segment and has contributed over 66.8% of revenue recorded under this segment and during the year, the number of trips undertaken by the Group's limousine rental services was approximately 112,700 (2009: 91,000), and the number of passengers for the Group's airport shuttle bus services was approximately 154,700 (2009: 145,000). During the year, we continued to face keen competition in the industry as more companies now offer similar services with more competitive price. The Group aimed to maintain its leading position in the high-end limousine service industry by providing the best quality services to customers at a reasonable price.

LIMOUSINE RENTAL SERVICES AND AIRPORT SHUTTLE SERVICES BUSINESS *(continued)*

Provision of limousine rental services and airport shuttle bus services *(continued)*

Operation results for the financial year were summarised as follows:

	2010 *(HK$'000)*	2009 *(HK$'000)*
Revenue		
Airport shuttle bus services		
— Hong Kong	**14,667**	14,993
Limousine rental services		
— Hong Kong	**61,834**	51,258
— PRC	**38,069**	14,322

In mainland China, we provide limousine rental services in three cities namely Shenzhen, Guangzhou and Shanghai. Overall turnover from the China operations was HK$38 million, representing a 165.8% increase as compared to that of HK$14.3 million of previous year. Number of trips undertaken by our China operation was approximately 57,000 (2009: 22,000).

The Group recorded a significant growth in Shanghai due to the effect of Shanghai World Expo. As at 31 December 2010, we had limousine rental service contracts with 25 hotels in the three cities.

The Group will carefully review the market conditions from time to time and formulate suitable strategy for this business.

LIQUIDITY AND FINANCIAL RESOURCES

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

During the year, the Group has also raised cash from the placements of new shares.

Save for the above, there was no significant change in the working capital structure during the year, the current ratio for the year measured at 1.89 times compared to 0.62 times as reported in last year.

LIQUIDITY AND FINANCIAL RESOURCES *(continued)*

The gearing ratio for the year (long term debts over equity and long term debts) is measured at 0.01 compared to 0.07 recorded in previous year. As of the balance sheet date, the Group has total bank and other borrowings amounted to approximately HK$46.4 million, all of which are secured, approximately HK$43.6 million is due within one year and the balance of HK$2.8 million is due more than one year. All of the borrowings are denominated in Hong Kong dollars.

During the year, the Group did not engage in the use of any financial instruments for hedging purposes, and there is no outstanding hedging instrument as at 31 December 2010.

CAPITAL STRUCTURE

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

(a) Pursuant to a subscription agreement executed on 9 February 2010, a total of 334,000,000 ordinary shares were issued at issued price of HK$0.90 per share, raising net proceeds of approximately HK$297 million.

(b) Pursuant to a placing and subscription agreement executed on 17 June 2010, a total of 185,000,000 ordinary shares were issued at an issue price of HK$1.11 per share, raising net proceeds of approximately HK$199 million.

(c) Pursuant to a subscription agreement executed 17 September 2010, a total of 178,000,000 ordinary shares were issued at an issue price of HK$1.15 per share, raising net proceeds of approximately HK$200 million.

(d) During the year, convertible notes of aggregate principal amounts of HK$124,171,400 were converted into shares at a conversion price of HK$0.29 per share. Accordingly, a total of 428,177,241 ordinary shares were issued.

(e) Pursuant to a subscription on 29 December 2010, a total of 15,000,000 ordinary shares were issued at an issue price of AU$0.20 per share, raising net proceeds of approximately HK$19 million. The new shares rank pari passu in all respects with the existing shares.

CHARGES OF ASSETS

As at 31 December 2010, motor vehicles with an aggregate carrying value of HK$15,093,000 of a subsidiary of the Company were charged to secure general banking facilities granted to these subsidiaries.

RISK DISCLOSURE

Market risk

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

Copper Price risk

The Group's turnover and profit of the mining business during the year were affected by fluctuations in the copper prices. All of our mining products were sold at market prices and the fluctuation of the price were beyond the control of the Group. However, we have not used any commodity derivative instruments or futures for speculation or hedging purposes. Copper prices serve as the determinant factors to the annual revaluation of our copper mine as the fair value change will directly impact our profit and loss account. The management will review the market condition from time to time and determine the best strategy to hedge the copper price risk.

Exchange rate risk

The Group is exposed to exchange rate risk primarily through available-for-sale investments that are denominated in Australian dollars other than the functional currency of the operation to which they relate. Fluctuation in exchange rate may adversely affect our net asset value, earnings and any dividends we declare when the value of such investments are being converted to Hong Kong dollars.

CONTINGENT LIABILITIES

During the year, the Group had engaged professional advisers for the Takeover Offers who charge part of their advisory fees contingent on the outcome of the Takeover Offers (including the acceptance level of the offers). As the Takeover Offers are still in progress, the Group is unable to determine the amount of such contingent advisory fees at this stage.

Save as the above, the Group does not have other contingent liabilities as at 31 December 2010.

STAFF AND REMUNERATION

As at 31 December 2010, the Group employed approximately 507 full time employees (2009: 552), of which approximately 376 were in the PRC (2009: 440). The remuneration of employees includes salary and discretionary bonus. The Group has also adopted a share option scheme to provide incentives to 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 annually by the management and the remuneration committee, when appropriate.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Luk Kin Peter Joseph

Mr. Luk Kin Peter Joseph, aged 40, joined the Group in February 2009. He is the Chairman of the Company and a director of certain subsidiaries of the Company. Mr. Luk holds a Master Degree in Business Administration and the professional qualification of Chartered Financial Analyst. Mr. Luk has worked in several international financial institutions and he is well-experienced in international financial and investment management.

Mr. Chan Kam Kwan, Jason

Mr. Chan Kam Kwan, Jason, aged 37, joined the Group in January 2008. He is also the Company Secretary of the Company and a director of certain subsidiaries of the Company. Mr. Chan graduated from the University of British Columbia in Canada with a Bachelor of Commerce Degree and is a member of the American Institute of Certified Public Accountants. Mr. Chan has extensive experience in corporate finance.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lau Kwok Kuen, Eddie

Mr. Lau Kwok Kuen, Eddie, aged 55, joined the Group in December 2007. He graduated from the Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) and is a fellow member of The Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountant of the United Kingdom. He has been practicing as a Certified Public Accountant in Hong Kong since 1982.

Mr. Uwe Henke Von Parpart

Mr. Uwe Henke Von Parpart, aged 70, joined the Group in January 2008. He received a Fulbright scholarship and did his graduate work in mathematics and philosophy (Ph.D.) at Princeton University and the University of Pennsylvania.

Mr. Parpart has been the Chief Economist and Strategist for Asia at Cantor Fitzgerald ("Cantor") in Hong Kong. In this capacity, he is responsible for macro-economic, fixed-income and equity-markets research and strategy in Asia. He joined Cantor in August, 2006. His analyses are published on a weekly and daily basis and frequently featured on CNBC Asia and Bloomberg TV. Prior to joining Cantor, Mr. Parpart worked for four years as a senior currency strategist at Bank of America, Hong Kong, covering both currencies and bonds. Mr. Parpart has also contributed to numerous magazines and newspapers and until recently was a columnist for Forbes Global and Shinchosha Foresight Magazine (Tokyo).

INDEPENDENT NON-EXECUTIVE DIRECTORS *(continued)*

Mr. Yip Kwok Cheung, Danny

Mr. Yip Kwok Cheung, Danny, aged 47, joined the Group in August 2009. He is an Australian citizen and graduated from the Australian National University majoring in Economic and Accountancy. Mr. Yip has extensive experience as the Internet strategist, entrepreneur and specialist in international trade. He was also the founder of several service-oriented business in Hong Kong and Australia, and he was the founder of Tradeeasy Holdings Limited (now known as Merdeka Resources Holdings Limited ("Merdeka")) in 1996. He had been the executive director and chief executive officer of Merdeka (a company listed on the growth enterprise market of The Stock Exchange of Hong Kong Limited) until June 2007.

SENIOR MANAGEMENT

Mr. Leung Chi Yan, Danny

Mr. Leung Chi Yan, Danny, aged 63, is the president of the Perryville Group which is principally engaged in the provision of limousine and airport shuttle transportation services in Hong Kong. Mr. Leung graduated from Newport University of Southern California with a Master of Business Administration degree. Mr. Leung has over 30 years of experience in limousine and airport shuttle transportation services and is the Chairman of Hong Kong Limousine Hire Association.

Mr. Hendrianto Tee

Mr. Hendrianto Tee, aged 43, joined the Group in January 2009. He is the Chief Investment Officer of the Company. Mr. Tee graduated from Walsh University, USA with Bachelor of Arts degree. Mr. Tee has spent a large part of his career with several international financial institutions with focus in debt capital market. Prior to joining the company, Mr. Tee held a senior executive position at a large Asian agribusiness conglomerate.

Mr. Au-Yeung Sai Kit, Alex

Mr. Au-Yeung Sai Kit, Alex, aged 32, joined the Group in December, 2008. He is the Group Financial Controller. Mr. Au-Yeung is a member of the Hong Kong Institute of Certified Public Accountants and a member of CPA Australia. Mr. Au-Yeung obtained a bachelor degree of Business Administration (Honours) — Accounting from the Hong Kong Baptist University. Mr. Au-Yeung has over 9 years of experience in auditing, accounting and banking.

CORPORATE GOVERNANCE REPORT

CODE ON CORPORATE GOVERNANCE PRACTICES AND ASX BEST PRACTICE RECOMMENDATIONS

After being admitted to the official list of the ASX on 7 January 2011, the Company now operates with a dual listing in Australia on the ASX and in Hong Kong on the SEHK. Therefore, in formulating its corporate governance framework, the regulatory requirements in both Australia and Hong Kong have been taken into account.

The board of Directors (the "Board") of the Company is committed to the principles of best practice in corporate governance.

The Board has its own code on corporate governance practices which incorporates the 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 SEHK (the "HK Listing Rules") and the Revised Principles of Corporate Governance Principles and Recommendations developed by the ASX Corporate Governance Council (the "ASX Principles"). The Company adopted additional corporate governance policies and established additional committees as recommended by the ASX Principles on 10 November 2010 prior to being admitted to official quotation on the ASX.

This statement provides a description of the manner in which the Company and its controlled entities compiles with the CGP Code and the ASX Principles and associated recommendations. More detail on the Company's policies and procedures and terms of references are also available in the corporate governance section of the Company's website www.wnintl.com.

BOARD OF DIRECTORS

The Board serves the important function of guiding the management. As at 31 December 2010, the Board comprised two executive Directors, namely Mr. Luk Kin Peter Joseph (Chairman), Mr. Chan Kam Kwan, Jason and three independent non-executive Directors namely Messrs. Lau Kwok Kuen, Eddie, Uwe Henken Von Parpart and Yip Kwok Cheung, Danny.

Biographical details of the Directors are stated under the section "Biographical Details of Directors and Senior Management".

The Company considers that the Board has the necessary skills and experience appropriate for discharging their duties as directors of the Company (the "Directors") in the best interest of the Company and that the current board size is adequate for its present operations.

BOARD OF DIRECTORS *(continued)*

Each of the Directors keeps abreast of his responsibilities as a Director of the Company and of the conduct, business activities and development of the Company. All Directors are updated from time to time with development in the laws and regulations applicable to the Company and each of the independent non-executive Directors has made an annual confirmation that he complied with the independence criteria set out in Rule 3.13 of the HK Listing Rules. The Directors consider that all the three independent non-executive Directors to be independent under these independence criteria and are capable to effectively exercise independent judgment.

The principal functions of the Board are to make decision on the strategic development of the Company; to oversee the management of the business and affairs of the Group; to supervise the management of the business and affairs with the objective of enhancing the Company and shareholders' value with the proper delegation of the power to the management for its day-to-day operation of the Company, implementation of the budgets and strategic plans and development of the organization of the Company for implementing the Board's decision.

The Board conducts meeting on a regular basis and on an ad hoc basis, as required by business needs. The Bye-laws of the Company allows board meetings to be conducted by way of telephone or videoconference. Any resolutions can be passed by way of written resolutions circulated to and signed by all Directors from time to time when necessary except for matters in which a substantial shareholder or a director or their respective associates has a conflict of interest.

The Board held 22 meetings during the year.

	Name of Director	Date of appointment	Period in Office as at the date of Annual Report	Attended/ Eligible to attend
Chairman	Luk Kin Peter Joseph	16 February 2009	25 months	22/22
Executive Director	Chan Kam Kwan, Jason	2 January 2008	38 months	22/22
Independent Non-Executive Directors	Lau Kwok Kuen, Eddie	14 December 2007	39 months	16/22
	Uwe Henke Von Parpart	2 January 2008	38 months	15/22
	Yip Kwok Cheung, Danny	5 August 2009	19 months	16/22

The Company normally provides at least 14 days' notice of every Board meeting to all the Directors (if not, such notice was waived by them) to give them an opportunity to attend. Board papers are circulated in advance before the Board meetings to enable the Directors to make informed decisions on matters to be raised at the Board meetings.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

In accordance with the Bye-laws of the Company and to comply with relevant HK Listing Rules, every Director should be subject to retirement by rotation at least once every three years. All Directors appointed to fill a casual vacancy should be subject to re-election by shareholders at the first annual general meeting after their appointment and not less than one-third of the Directors should be subject to retirement and re-election every year. Messrs. Lau Kwok Kuen, Eddie and Uwe Henke Von Parpart are appointed for a term of 2 years and Mr. Yip Kwok Cheung, Danny is appointed for a term of 3 years. All of them will be subject to retirement by rotation and re-election at the annual general meeting of the Company.

None of the Directors has a service contract with the Company which requires the Company to give a period of notice of more than one year or to pay compensation or make other payments equivalent to more than one year's emoluments.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During the year ended 31 December 2010, there was no separation of the role of chairman (the "Chairman") and chief executive officer (the "CEO") as set out in the code provision A.2.1. of the CGP Code. Mr. Luk Kin Peter Joseph was appointed as the Chairman and also assume the role of the CEO of the Company as this structure was considered more suitable to the Company at this fast development stage because it could promote the efficient formulation and implementation of the Company's strategies.

The Board will review the needs of appointing suitable candidate to assume the role of the CEO when necessary.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a Securities Trading Policy which applies, inter alia, to all Directors. The Securities Trading Policy complies with the ASX Listing Rules and the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the HK Listing Rules. Having made specific enquiries to all Directors, all Directors confirmed that they had complied with the Securities Trading Policy.

A copy of the Company's Securities Trading Policy is available on the website of the Company.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The financial statements of the Company for the year ended 31 December 2010 have been reviewed by the Audit Committee and audited by the external auditor, PricewaterhouseCoopers. The Directors acknowledge their responsibility for preparing the financial statements of the Group and presenting a balanced, clear and comprehensive assessment of the Group's performance and prospects.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS *(continued)*

The Directors ensure the preparation of the financial statements of the Group are in accordance with statutory requirements and applicable accounting standards. The Directors also ensure the publication of the financial statements of the Group in a timely manner.

The report of the Auditor of the Company about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 47 to 48.

REMUNERATION AND PERFORMANCE COMMITTEE

As at 31 December 2010, the Remuneration and Performance Committee, composed of all Board members and is chaired by Mr. Lau Kwok Kuen, Eddie.

The Remuneration and Performance Committee held 6 meetings during the year.

Name of Member	Attended/Eligible to attend
Lau Kwok Kuen, Eddie	6/6
Luk Kin Peter Joseph	3/6
Chan Kam Kwan, Jason *(appointed on 25 January 2010)*	4/4
Uwe Henke Von Parpart	6/6
Yip Kwok Cheung, Danny	6/6

The principal duties of the Remuneration and Performance Committee include, inter alia, reviewing and making recommendations to the Board on the Company's remuneration policy; making recommendations to the Board on the remuneration of non-executive Directors; determining the remuneration of the executive Directors and members of the senior management; reviewing and making recommendations to the Board in respect of performance-based remuneration by reference to corporate goals and objectives resolved; and ensuring no Director or any of his or her associates is involved in deciding his own remuneration.

Furthermore, the duties of the Committee in relation to performance matters are to co-ordinate and review the results of the annual performance review of the Board, Board Committees and individual Director's performance; to review and approve procedures for the oversight and evaluation of the performance of the Board and the Board Committees (with the exception of the Committee which will be reviewed by the Board); and to review and approve the process for evaluation of the performance of each Director.

The overriding objective of the remuneration policy is to ensure that the Company is able to attract, retain, and motivate a high-calibre team which is essential to the success of the Company.

The specific terms of reference of the Remuneration and Performance Committee are adopted and which are available on the website of the Company.

REMUNERATION AND PERFORMANCE COMMITTEE *(continued)*

The Remuneration and Performance Committee consults the Chairman about the proposal relating to the remuneration of other executive Directors and has access to professional advice where necessary. No Director or executive can determine his own remuneration. During the year under review, the Remuneration and Performance Committee has reviewed the rewarding system of the Company. Minutes of Remuneration and Performance Committee meetings are kept by the secretary of the meeting. Draft and final versions of minutes of the meeting are sent to all members of the Remuneration and Performance Committee for their comment and records respectively, in both cases within a reasonable time after the meeting.

NOMINATION COMMITTEE

A Nomination Committee was established on 10 November 2010 with written terms of reference and nomination policy. The terms of reference and nomination policy governing the operations of the committee are made in compliance with Appendix 14 of the HK Listing Rules and the ASX Principles.

As at 31 December 2010, the Nomination Committee composed of the full board namely Messrs. Luk Kin Peter Joseph, Chan Kam Kwan, Jason, Lau Kwok Kuen, Eddie, Uwe Henke Von Parpart and Yip Kwok Cheung, Danny and is chaired by Mr. Lau Kwok Kuen, Eddie, an independent non-executive Director. During the reporting period, no meetings of the Nomination Committee were held.

The Board appoints the chairman of the Nomination Committee. The terms of the chairman of the Nomination Committee is also determined by the Board.

Nomination duties and responsibilities

The duties and responsibilities of the Nomination Committee in relation to nomination matters are as follows:

(a) Identifying suitable candidates for nomination to the Board and senior management;

(b) Assessing the necessary and desirable competencies of Directors and the Board as a whole;

(c) Assessing the extent to which the required competencies are represented on the Board;

(d) Establishing processes for the identification of suitable candidates for appointment to the Board as additional members or to succeed existing members;

(e) Reviewing the Board succession plans;

NOMINATION COMMITTEE *(continued)*

Nomination duties and responsibilities *(continued)*

(f) Making recommendations to the Board on appointment and re-election of Directors;

(g) Making recommendations to the Board on its structure and commitment of Directors;

(h) Making recommendations to the Board on the structure of the Board Committees; and

(i) Making recommendations to the Board on the relevance and effectiveness of the Board Committees.

The Nomination Committee may also assist the Remuneration and Performance Committee to establish processes for, and assist in, the review of individual Directors, the Board and Board Committees.

The nomination procedure basically follows the Bye-laws of the Company, which empowers the Board from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. The Directors will select and evaluate the balance of skills, qualification, knowledge and experience of the candidate to the directorship as may be required by the Company from time to time by such means as the Company may deem fit. The Directors shall consider the candidate from a wide range of backgrounds, on their merits and against objective criteria set out by the Board and taking into consideration the time devoted to the position.

The specific terms of reference of the Nomination Committee are adopted and are available on the website of the Company.

AUDIT COMMITTEE

As at 31 December 2010, the Audit Committee, comprising three independent non-executive Directors namely Messrs. Lau Kwok Kuen, Eddie, Uwe Henke Von Parpart and Yip Kwok Cheung, Danny and is chaired by Mr. Lau Kwok Kuen, Eddie. Mr. Lau is a qualified accountant. None of the Audit Committee members are members of the former or existing auditor of the Company.

AUDIT COMMITTEE *(continued)*

The Audit Committee held 2 meetings during the year.

Name of Member	Qualifications	Attended/Eligible to attend
Lau Kwok Kuen, Eddie	Fellow member of Hong Kong Institute of Certified Public Accountants and fellow member of The Association of Chartered Certified Accountant of the United Kingdom	2/2
Uwe Henke Von Parpart	Graduate work in mathematics and philosophy (Ph.D.) at Princeton University and the University of Pennsylvania	2/2
Yip Kwok Cheung, Danny	Graduate from the Australian National University majoring Economic and Accountancy	2/2

The principal responsibilities of the Audit Committee are, inter alia, to review the appointment of external auditors on an annual basis including a review of the audit scope and approval of the audit fees; to ensure continuing auditor objectivity and to safeguard independence of the Company's auditors; to meet the external auditors to discuss issues and reservations (if any) arising from the interim review and final audit, and any matters the auditors suggest to discuss; to review the Group's internal control system, including the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and their training programmes and budget; to review the annual and interim report and quarterly result (if any) prior to approval by the Board in accordance with the accounting policies and practices and relevant accounting standards, the HK Listing Rules and the legal requirements; to serve as a focal point for communication between other Directors and the external auditors in respect of the duties relating to financial and other reporting, internal controls, external audit, and such other matters as the Board determines from time to time; to consider major findings of internal review and management's response and ensure proper arrangement in place for the fair and independent review of such concerns and appropriate follow up action; to devise a framework for the type and authorization of non-audit services provided by the external auditors.

The external auditors and the senior executives are invited to attend the meeting for annual financial statements. Minutes of the Audit Committee Meeting are kept by a secretary of the meeting. Draft and final versions of minutes of the meeting are sent to all members of the committee for their comment and records respectively, in both cases within a reasonable time after the meetings.

The Audit Committee discharged their duties in accordance with their terms of reference. These specific terms of reference are available on the website of the Company.

EXECUTIVE COMMITTEE

The Executive Committee was established on 14 September 2009. The members include the executive Directors and certain senior management appointed by the Board from time to time. The Executive Committee is vested with all the general powers of management and control of the activities of the Group as vested in the Board, save for those matters which are reserved for the Board's decision and approval pursuant to the written terms of reference of the Executive Committee.

The Executive Committee meets whenever it is necessary. It is mainly responsible for undertaking and supervising the day-to-day management and is empowered to implement policies and strategies, for the business activities and operations, internal control and administration of the Group.

HEALTH, SAFETY, ENVIRONMENT AND SUSTAINABILITY COMMITTEE

The Health, Safety, Environment and Sustainability Committee was established on 10 November 2010 and comprises of three independent non-executive Directors namely Messrs. Lau Kwok Kuen, Eddie, Uwe Henke Von Parpart and Yip Kwok Cheung, Danny and is chaired by Mr. Lau Kwok Kuen, Eddie. The Committee has all the powers and duties conferred on it by the laws governing the Company and such other powers and duties as may be conferred on it from time to time by resolution of the Board. In addition to the foregoing powers and duties, the major duties and responsibilities are summarised as follows:

(a) reviewing and monitoring the sustainability, environmental, safety and health policies and activities of the Company on behalf of the Board to ensure the Company is in compliance with appropriate laws and legislation;

(b) encouraging, supporting and counselling management in developing short and long term policies and standards to ensure that the principles set out in the sustainability, environmental, health and safety policies are being adhered to and achieved;

(c) regularly reviewing community, environmental, health and safety response compliance issues and incidents to determine, on behalf of the Board, whether the Company is taking all necessary action in respect of those matters and that the Company has been duly diligent in carrying out its responsibilities and activities in that regard;

(d) ensuring that the Company monitors trends and reviews current and emerging issues in the field of sustainability, environment, health and safety, and evaluates their impact on the Company; and

(e) reviewing and making recommendations to the Board with respect to environmental aspects of expansions, acquisitions and dispositions with material environmental implications.

HEALTH, SAFETY, ENVIRONMENT AND SUSTAINABILITY COMMITTEE *(continued)*

The specific terms of reference of the Health, Safety, Environment and Sustainability Committee are available on the website of the Company.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee was established on 10 November 2010 and comprises of the full Board namely Messrs. Luk Kin Peter, Joseph, Chan Kam Kwan Jason, Lau Kwok Kuen, Eddie, Uwe Henke Von Parpart and Yip Kwok Cheung, Danny and is chaired by Mr. Luk Kin Peter, Joseph. Members of the Risk Management Committee are appointed for an initial term of 3 years, after which they are eligible for re-appointment by rotation.

Risk management encompasses all areas of the Company's activities. Once a business risk is identified, the risk management processes and systems implemented by the Company are aimed at providing the necessary framework to enable the business risk to be managed.

Management has the key role of identifying risks and enabling processes for risk management. Senior management are required to report risks identified to the Risk Management Committee or Chief Executive Officer.

The Risk Management Committee will meet periodically to review and ensure that the Company has in place processes to assess and manage specific and general business risks and appropriate mitigation procedures where applicable.

The overall results of this assessment are presented to the Board, in oral and written form, at every Board meeting by the chairman of the Risk Management Committee, and updated as needed.

The Board reviews the Company's risk management at every Board meeting, and where required, makes improvements to its risk management and internal compliance and control systems.

The specific terms of reference of the Risk Management Committee are adopted and are available on the website of the Company.

AUDITORS' REMUNERATION

The aggregate remuneration in respect of services provided by PricewaterhouseCoopers for the year ended 31 December 2010 was HK$3,250,000, of which HK$1,700,000 represents annual audit fees and HK$1,550,000 represents fees for non-audit services.

The remuneration in respect of non-audit services provided by BDO Corporate Finance (WA) Pty Ltd was AU$157,000.

INTERNAL CONTROL

The Board has overall responsibility for the Group's system of internal control and for the assessment and management of risk. The Board has conducted a review of and is satisfied with the effectiveness of the system of internal control of the Group.

The Board also reviews at least annually the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and their training programmes and budget.

The Financial Controller of the Company, reports directly to the Board and the Audit Committee, and monitors the existence and effectiveness of the controls in the Group's business operations. The Financial Controller also discusses the audit plan with the Audit Committee and the external auditors. The audit plan is reassessed during the year as needed to ensure that adequate resources are deployed and the plan's objectives are met. In addition, regular dialogues are maintained with the Group's external auditors so that both are aware of the significant factors which may affect their respective scope of work.

Reports from the external auditors on relevant financial reporting matter is presented to the Audit Committee, and, as appropriate, to the Board.

INVESTOR RELATIONS AND SHAREHOLDERS' RIGHTS

The Board is committed in providing clear and full performance information of the Group to shareholders through the publication of interim and annual reports. In addition to the circulars, notices and financial reports sent to shareholders, additional information of the Group is also available to shareholders on the Group's website.

According to the CGP Code, shareholders are encouraged to attend the annual general meeting for which at least 20 clear business days' notice is given. The Chairman and Directors are available to answer questions on the Group's business at the meeting. Subject to the Bye-laws of the Company, all shareholders shall have statutory rights to call for special general meetings and put forward agenda items for consideration in the general meetings. All resolutions at the general meeting are decided by a poll which is conducted by the Group's branch share registrar in Hong Kong.

The Group values feedback from shareholders on its effort to promote transparency and foster investor relationships. Comments and suggestions are always welcomed.

CORPORATE GOVERNANCE REPORT

ASX BEST PRACTICE RECOMMENDATIONS

Principle 1: Lay solid foundations for management and oversight

ASX Principle 1 states that a company should establish and disclose the respective roles and responsibilities of board and management.

Recommendation 1.1: Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.

The Board and senior management have agreed on their respective roles and responsibilities, and the functions reserved to the Board and senior management. The Company has in place a Board Charter which sets out the duties and responsibilities of the Board and clarifies the respective roles and responsibilities of Board members. The Board has also established various Board committees, including an Executive Committee, for the purpose of implementing the Company's corporate governance principles.

The Board ultimately takes responsibility for considering and reviewing corporate governance policies.

The composition, function and responsibilities of the Board are set out in the Company's Bye-laws and the Board Charter and include the following:

(i) One third of the Board retires and is subject to re-election at each annual general meeting of the Company.

(ii) Subsequent or additional directors are initially appointed by the Board and then are subject to re-election by shareholders at the next annual general meeting.

(iii) The chairman is to be elected by the Board, and the performance of the Directors is reviewed by the Remuneration and Performance Committee on an ongoing basis.

ASX BEST PRACTICE RECOMMENDATIONS *(continued)*

Principle 1: Lay solid foundations for management and oversight *(continued)*

(iv) The Board monitors the strategic objectives of the Company, and performance in the achievement of these objectives.

(v) The Board approves budgets and monitors financial objectives and performance in achieving the budgets.

(vi) The Board reviews and ratifies risk management strategies to ensure that all major business risks are identified and effectively managed.

(vii) The Board is responsible for overseeing effective internal control systems.

(viii) The Board schedules meetings on a regular basis, and other meetings as, and when, required.

The Directors have the right, in connection with their duties and responsibilities as Directors, to delegate any of their powers and discretions to committees responsible to the Board. To this end, the Board has established the following committees:

A. Executive Committee;

B. Remuneration and Performance Committee;

C. Audit Committee;

D. Risk Management Committee;

E. Nomination Committee; and

F. Health, Safety, Environment and Sustainability Committee.

Committee charters and terms of reference have been established to govern each committee's duties and responsibilities with such charters and terms of reference being reviewed regularly by the Board.

Directors have the right, in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Company's expense. Prior approval of the Chairman is required, which will not be unreasonably withheld.

ASX BEST PRACTICE RECOMMENDATIONS *(continued)*

Principle 1: Lay solid foundations for management and oversight *(continued)*

A summary of the Company's Board Charter is available on the website of the Company.

Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives.

Senior executives' performance is reviewed on an ongoing basis and evaluated annually by the Remuneration and Performance Committee. The evaluation is undertaken by each executive completing a questionnaire on performance issues or each executive having one-on-one interviews with the chairman of the Committee. Individual executives may meet with the chairman of the Committee to discuss their responses.

Recommendation 1.3: Companies should provide the information indicated in the Guide reporting on Principle 1.

During the year, the performance evaluation of senior executives took place in accordance with the process disclosed at Recommendation 1.2.

Principle 2: Structure the board to add value

ASX Principle 2 states that a company should "have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties". The Company complies with this principle in the following manner:

The Company has an experienced Board with appropriate expertise across a range of sectors including mining, banking and finance and corporate advisory. Over the past year the composition and experience level of the board was bolstered with the addition of Mr. Warren Beckwith as a director of our wholly owned subsidiary, Wah Nam International Australia Pty Ltd, Mr. Beckwith has extensive experience in corporate advisory and management consulting.

Recommendation 2.1: A majority of the board should be independent directors.

The Board comprises a majority of independent Directors.

The Company has 5 Directors and 3 of these, Mr. Lau Kwok Kuen, Eddie, Mr. Uwe Henke Von Parpart, Mr. Yip Kwok Cheung, Danny, are independent.

Recommendation 2.2: The chair should be an independent director.

ASX BEST PRACTICE RECOMMENDATIONS *(continued)*

Principle 2: Structure the board to add value *(continued)*

The Chairman of the Company is not an independent Director. The Board has determined, given the Company's current fast growing strategy, it is not appropriate to separate the role of the Chairman from the CEO. Currently, Mr. Luk Kin Peter Joseph has assumed the role of both Chairman and CEO of the Company. If the Company's business becomes more diversified in the future, the Board will review the needs of appointing a suitable candidate to assume the role of the CEO.

Recommendation 2.3: The roles of chair and chief executive officer should not be exercised by the same individual

For the reasons stated above, the Company does not separate the role of the chairman from the chief executive officer.

Recommendation 2.4: The board should establish a nomination committee

(a) The Board has established a nomination committee which is responsible for providing advice and recommendations to the Board regarding:

  (i) the identification of suitable candidates for nomination to the Board, Board committees and senior management;

  (ii) succession planning for the Board and senior management;

  (iii) the appointment and re-election of Directors (both executive and non executive); and

  (iv) ensuring the skills needed are available to the Board to discharge its duties and add value to the Company.

(b) The nomination committee may obtain information from and consult with management and external advisers, if it considers it is appropriate.

Recommendation 2.5: Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.

Board performance and individual Director performance is reviewed on an ongoing basis and evaluated annually by the Remuneration and Performance Committee. The evaluation is undertaken by each Director completing a questionnaire on Board governance and performance issues or each Director having one-on-one interviews with the chairman of the Committee. Individual Directors may meet with the chairman of the Committee to discuss their responses.

ASX BEST PRACTICE RECOMMENDATIONS *(continued)*

Principle 2: Structure the board to add value *(continued)*

Recommendation 2.6: Companies should provide the information indicated in the Guide to reporting on Principle 2.

Skills, experience, expertise of each Director

Biographical details of the Directors are set out in pages 13 to 14 of this Annual Report.

Identification of independent Directors

The names of the independent Directors are set out under the section "Board of Directors".

Independence is measured having regard to the relationships listed in Box 2.1 of the ASX Principles and the independence criteria mentioned under the section "Board of Directors".

Statement concerning availability of independent professional advice

Directors wishing to seek independent professional advice at the Company's expense are required to obtain the Chairman's prior approval, which will not be unreasonably withheld.

Statement concerning mix of skills and diversity

The Board is looking to achieve diversity and a balanced mix of skills to enhance value to the Board. In selecting new Board members, Directors have regard to the appropriate skills and characteristics needed by the Board as a whole. The Directors endeavour to appoint individuals who will provide a mix of diverse experiences, perspectives and skills appropriate for the Company, including appropriate technical and commercial skills relevant to the mining and transportation industry.

Period of office of Directors

The date that each Director was appointed is set out and their period of office as at the date of this Annual Report is set out under the section "Board of Directors".

Nomination Committee matters

The names of members of the Nomination Committee and their attendance at meetings of the Nomination Committee is set out under the section "Nomination Committee".

Performance evaluation

During the year, a performance evaluation for the Board, its committees and Directors took place in accordance with the process disclosed at Recommendation 2.5.

ASX BEST PRACTICE RECOMMENDATIONS *(continued)*

Departure from ASX Principles

Explanation of departures from Recommendations 2.2 and 2.3 are stated above under those recommendations.

Principle 3: Promote ethical and responsible decision-making

ASX Principle 3 states that a company should "actively promote ethical and responsible decision making."

Recommendation 3.1: Companies should establish a code of conduct and disclose the code or a summary of the code as to:

— the practices necessary to maintain the confidence in the Company's integrity;

— the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and

— the responsibility of individuals for reporting and investigating reports of unethical practices;

All Directors, senior management and employees of the Company are expected to conduct themselves with integrity, openness, honesty and fairness, and in the best interests of the Company. The Board has established a Code of Conduct and Ethics to guide all Directors, members of senior management and employees.

Through the Code of Conduct and Ethics, the Company actively supports the principle of equal employment opportunity regardless of race, religion, national origin, sex, age, physical disability, marital status or sexual orientation, and expects its senior management and employees to practice and support this principle.

A copy of the Code of Conduct and Ethics is available in the corporate governance section of the Company's website.

Recommendation 3.2: Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them.

The Company's corporate governance principles and policies do not include an express policy specifically addressing diversity. Due to the current size of the Company's operations, the Board does not consider it necessary to have a diversity policy but will consider adopting a policy in the future.

ASX BEST PRACTICE RECOMMENDATIONS *(continued)*

Principle 3: Promote ethical and responsible decision-making *(continued)*

Recommendation 3.3: Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.

As noted above, the Company's corporate governance principles and policies do not include an express policy specifically addressing diversity. The Company will provide details of its objectives for achieving gender diversity set by the Board in its future annual reports if such a policy is adopted.

The Company's policy is to avoid discriminatory practices of any kind, and to make employment and career decisions strictly on the basis of individual ability, performance, experience and Company requirements.

Recommendation 3.4: Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.

The proportion of women employees in the whole organisation approximately equal to 10%.

There are currently no women in senior executive positions, nor on the Board.

Recommendation 3.5: Companies should provide the information indicated in the Guide to reporting on Principle 3.

Explanation of departures from Recommendations 3.2 and 3.3 are stated above under those recommendations.

Principle 4: Safeguard integrity in financial reporting

ASX Principle 4 states that Companies should "have a structure to independently verify and safeguard the integrity of their financial reporting".

Recommendation 4.1: The board should establish an audit committee

The Directors are committed to ensuring the truthful and factual presentation of the Company's financial position. The Board has established an Audit Committee which comprises 3 non-executive Directors and a chairman who is appointed from the independent non-executive Directors. At present, Mr. Lau Kwok Kuen, Eddie chairs the committee. The other members are Mr. Uwe Henke Von Parpart and Mr. Yip Kwok Cheung, Danny.

ASX BEST PRACTICE RECOMMENDATIONS *(continued)*

Principle 4: Safeguard integrity in financial reporting *(continued)*

The Audit Committee reviews and monitors the Company's financial statements, financial reporting processes, risk management systems, internal audit, external audit and such other matters as the Board may request from time to time.

Recommendation 4.2: The audit committee should be structured so that it:

— consists only of non-executive directors;

— consists only of a majority of independent directors;

— is chaired by an independent chair, who is not chair of the board; and

— has at least three members.

The Audit Committee comprises of 3 independent non-executive Directors. At present, Mr. Lau Kwok Kuen Eddie is the Chairman of the Audit Committee.

Recommendation 4.3: The audit committee should have a formal charter

The Audit Committee is governed by its Terms of Reference, a copy of which is available on the website of the Company.

Recommendation 4.4: Companies should provide the information indicated in the Guide to reporting on Principle 4.

Audit Committee matters

The names and qualifications of those appointed to the Audit Committee and their attendance at Meetings of the Audit Committee is set out under the section "Audit Committee".

ASX BEST PRACTICE RECOMMENDATIONS *(continued)*

Principle 5: Make timely and balanced disclosure

ASX Principle 5 states that a company should "promote timely and balanced disclosure of all material matters concerning the company." The Company complies with this principle and associated recommendations in the following manner.

Recommendation 5.1: Companies should establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

The Directors are committed to keeping the market fully informed of material developments to ensure compliance with the ASX Listing Rules, the HK Listing Rules, and the Companies Act 1981 of Bermuda. At each Board meeting, specific consideration is given as to whether any matters should be disclosed under the Company's continuous disclosure policy.

The Directors have established written policies and procedures to ensure compliance with the disclosure requirements of the ASX Listing Rules and the HK Listing Rules, and to ensure accountability at a senior management level for that compliance.

Recommendation 5.2: Companies should provide the information indicated in the Guide to reporting on Principle 5.

The Company's disclosure policies are available on its website.

Principle 6: Respect the rights of shareholders

ASX Principle 6 states that a company should "respect the rights of shareholders and facilitate the effective exercise of those rights."

Recommendation 6.1: Companies should design a communication policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

The Directors have established a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings. As well as ensuring timely and appropriate access to information for all investors via announcements to the ASX and the SEHK, the Company will also ensure that all relevant documents are released on the website of the Company for the purpose of both stakeholders and shareholders. Copies of all corporate governance policies, charters and terms of references are freely available on the website of the Company.

ASX BEST PRACTICE RECOMMENDATIONS *(continued)*

Principle 6: Respect the rights of shareholders *(continued)*

The Communications Strategy and Continuous Disclosure Policy includes a guideline to notices of meeting, in accordance with the Company's Bye-laws, pursuant to which the Company is required to give at least 21 days' notice of an annual general meeting or any special general meeting at which the passing of a special resolution is to be considered and at least 14 days' notice of all other special general meetings, unless that meeting is a continuation of a meeting which has previously been adjourned or a shorter notice period is so agreed in accordance with the Bye-laws. Appendix 14 of the HK Listing Rules recommends a company arrange for the notice to shareholders to be sent, in the case of annual general meetings, at least 20 clear Business Days before the meeting and to be sent at least 10 clear Business Days in the case of all other general meetings. The notice periods in Appendix 14 of the HK Listing Rules have not been adopted in the Bye-laws but the Directors will be all means give notice period of not less than the requirement in Appendix 14.

Recommendation 6.2: Companies should provide the information in the Guide to reporting on Principle 6.

The Charters and Policies are available on the corporate governance section of the Company's website.

Principle 7: Recognise and manage risk

ASX Principle 7 states that a company should "establish a sound system of risk oversight and management and internal control" The Company complies with this principle and associated recommendations in the following manner.

Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

The Company has established a Risk Management Committee, an Audit Committee and a Health, Safety, Environment and Sustainability Committee for the purposes of overseeing, monitoring and managing all material business risks.

The committees must regularly report to the Board on compliance with any risk, audit and health, safety, environment and sustainability policies and protocols in place at the time.

A copy of the Risk Management Committee. Audit Committee and Health, Safety, Environment and Sustainability Committee. Terms of reference are available on the website of the Company.

ASX BEST PRACTICE RECOMMENDATIONS *(continued)*

Principle 7: Recognise and manage risk *(continued)*

Recommendation 7.2: The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.

During the year, the Board received a report from management as to the effectiveness of the Company's management of its material business risks under this recommendation.

Recommendation 7.3: The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act 2001 (Cth) (the "Corporations Act") is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Although the Company is not required to comply with section 295A of the Corporations Act (being a company incorporated in Bermuda), the Directors required the chief executive officer and financial controller to state in writing to the Board that:

(a) the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results, and are in accordance with the relevant accounting standards;

(b) the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies established by the Board; and

(c) the Company's risk management and internal control systems are operating efficiently and effectively in all material respects.

Recommendation 7.4: Companies should provide the information indicated in the Guide to reporting on Principle 7.

During the year, the Board received the reports referred to under Recommendations 7.2 and 7.3.

A copy of the Risk Management Committee, Audit Committee and Health, Safety, Environment and Sustainability Committee. Terms of reference are available on the website of the Company.

ASX BEST PRACTICE RECOMMENDATIONS *(continued)*

Principle 8: Remunerate fairly and responsibly

ASX Principle 8 states that a company should "ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear." The Company complies with this principle and associated recommendations.

Recommendation 8.1: The board should establish a remuneration committee.

The Board has established a Remuneration and Performance Committee comprising a majority of independent non-executive Directors.

The Remuneration and Performance Committee's duties and responsibilities are set out in the terms of reference and include:

(a) evaluating the Board's performance and the performance of individual Directors; and

(b) reviewing and making recommendations to the Board in respect of Director's and senior management's remuneration.

Recommendation 8.2: The remuneration committee should be structured so that it:

— consists of a majority of independent directors;
— is chaired by an independent chair;
— has at least 3 members.

The Company's Remuneration and Performance Committee comprises a majority of independent non-executive Directors.

The Remuneration and Performance Committee comprises of 5 Directors and 3 of these, Mr. Lau Kwok Kuen, Eddie, Mr. Uwe Henke Von Parpart, Mr. Yip Kwok Cheung, Danny, are independent.

At present, Mr. Lau Kwok Kuen, Eddie is the chairman of this committee.

Recommendation 8.3: Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

ASX BEST PRACTICE RECOMMENDATIONS *(continued)*

Principle 8: Remunerate fairly and responsibly *(continued)*

The terms of reference in respect of the Remuneration and Performance Committee distinguishes the structure of the non-executive Directors' remuneration from that of executive Directors and senior executives. The Board is determined to attract and retain high calibre non-executive Directors to work with the Company, and to save on the cash output as salary payment by cash. Accordingly, the structure of the non-executive Directors' remuneration allows for remuneration in the form of scheme options, granted under the share option scheme.

Recommendation 8.4: Companies should provide the information indicated in the Guide to Reporting on Principle 8.

A detailed section on the Remuneration and Performance Committee is set out in pages 18 to 19 of this Annual Report. The names of the members of the remuneration committee and their attendance at meetings of the committee is set out in this section.

The Company does not have any schemes for retirement benefits for non-executive directors.

The Terms of Reference of the Remuneration and Performance Committee and the Security Trading Policy is available on the website of the Company.

DIRECTORS' REPORT

The Directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2010.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the Company's subsidiaries are set out in note 39 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2010 are set out in the consolidated statement of comprehensive income on page 49.

REVIEW OF OPERATIONS

It is recommended that the yearly financial statements be read in conjunction with the 31 December 2010 annual report and any public announcements made by the Company during the year. Detailed business review is set out in pages 5 to 12.

In accordance with the continuous disclosure requirements, readers are referred to the announcements lodged with the ASX regarding exploration and other activities of the Company.

MINING BUSINESS

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

	2010	2009
Production of copper ore concentrates	407 Metal (t)	340 Metal (t)
Sales of copper ore concentrates	307 Metal (t)	410 Metal (t)

DIRECTORS' REPORT

LIMOUSINE RENTAL SERVICES AND AIRPORT SHUTTLE BUS SERVICES BUSINESS

Operation results for the financial year were summarised as follows:

	2010 *(HK$'000)*	2009 *(HK$'000)*
Revenue		
Airport Shuttle Bus Services	**14,667**	14,993
Limousine Rental Services	**99,903**	65,580

Detailed results of operations are set out on pages 5 to 12.

FINAL DIVIDEND

The Board does not recommend the payment of a dividend.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 18 to the consolidated financial statements.

CONVERTIBLE NOTES AND SHARE CAPITAL

Details of the authorised and issued share capital and the convertible notes of the Company are set out in notes 30 and 31 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2010 and 2009, the Company has no reserve available for distribution to the shareholders.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws, or the laws in Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

CONNECTED TRANSACTION

The Company has no connected transaction for the year ended 31 December 2010.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five years is set out on page 129.

DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

Executive Directors:

Luk Kin Peter Joseph *(Chairman)*
Chan Kam Kwan, Jason

Independent non-executive Directors:

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

In accordance with Clauses 87(1) and (2) of the Company's Bye-laws, Messrs. Lau Kwok Kuen, Eddie and Uwe Henke Von Parpart shall retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

All the independent non-executive Directors are appointed for a specific term and will be subject to retirement by rotation and re-election in accordance with the HK Listing Rules and the Bye-laws of the Company.

The Company has received from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the HK Listing Rules. The Company considered all of the non-executive Directors are independent.

DIRECTOR'S SERVICE CONTRACTS

None of the directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

As at 31 December 2010, 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 ("SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or which were otherwise required to be notified to the Company and the SEHK, pursuant to the Model Code were as follows:

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

Name of Director	Capacity	Number of issued ordinary shares held	Number of share options held	Approximate percentage of the issued share capital of the Company
Mr. Luk Kin Peter Joseph ("Mr. Luk")	Direct	—	39,000,000	0.99%
	Interests of controlled corporation *(Note)*	199,456,276	—	5.09%
Mr. Chan Kam Kwan, Jason	Direct	—	1,500,000	0.04%
Mr. Lau Kwok Kuen, Eddie	Direct	—	1,000,000	0.03%
Mr. Uwe Henke Von Parpart	Direct	—	1,000,000	0.03%
Mr. Yip Kwok Cheung, Danny	Direct	—	1,000,000	0.03%

DIRECTORS' REPORT

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS *(continued)*

(i) Long positions in the ordinary shares of HK$0.10 each of the Company *(continued)*

Note: The 96,008,000 shares are held by Equity Valley Investments Limited, a company incorporated in the British Virgin Islands (the "BVI") limited liability, and the entire issued share capital of which is wholly owned by Mr. Luk and 103,448,276 shares are held by Prideful Future Investments Limited, a company incorporated in the BVI with limited liability, and the entire issued share capital of which is wholly owned by Ms. Cheung Sze Wai, Catherine, the spouse of Mr. Luk.

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 2010.

SHARE OPTIONS

The share option scheme (the "Share Option Scheme") of the Company was adopted by the Company pursuant to the written resolution of the sole shareholder passed on 14 August 2002. Particulars of the Share Option Scheme are set out in note 34 to the consolidated financial statements.

The Company has granted 9,000,000, 27,000,000 and 39,000,000 share options to Qualified Persons under the Share Option Scheme on 18 January 2010, 11 February 2010 and 11 November 2010 respectively.

On 6 January 2011, the Company has issued 15,000,000 freely traded options which are attached to each of the 15,000,000 shares subscribed during the dual-listing process of the Company. Options are freely traded and will expire on 30 September 2014.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Other than as disclosed in the section "Directors' and Chief Executives' Interests", at no time during the year was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors of the Company nor their associates to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors has any interests in competing business to the Group.

DIRECTORS'/CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Details of the related party transactions for the year are set out in note 38 to the consolidated financial statements. Other than as disclosed therein, no contracts of significance to which the Company, its holding company, subsidiaries or fellow subsidiaries was a party and in which a Director or a controlling shareholder of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS AND OFFICERS INDEMNITIES AND INSURANCE

Since the end of the previous financial year, the Company has paid premiums to insure the Directors and officers of the Group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a willful breach of duty by the officer of the improper use by the officers of their position to gain advantage for themselves or someone else to cause detriment to the Group.

RELATED PARTY TRANSACTIONS

Significant related party transactions entered into by the Group during the year ended 31 December 2010 are disclosed in note 38 to the consolidated financial statements

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2010, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows 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 and underlying shares of HK$0.10 each of the Company

Name of shareholder	Capacity	Number of shares or underlying shares	Approximate percentage of the issued share capital of the Company
Leading Highway Limited *(Note 1)*	Beneficial owner	440,500,000	11.23%
Cheng Yung Pun *(Note 1)*	Interests of controlled corporations	440,500,000	11.23%
Shimmer Expert Investments Limited *(Note 2)*	Beneficial owner	279,548,000	7.13%
Groom High Investments Limited *(Note 2)*	Interests of controlled corporations	279,548,000	7.13%
Zhang Li *(Note 2)*	Interests of controlled corporations	279,548,000	7.13%
Villas Green Investments Limited *(Note 3)*	Beneficial owner	257,760,000	6.57%
Chong Yee Kwan *(Note 3)*	Interests of controlled corporations	257,760,000	6.57%
Smartpath Investments Limited *(Note 4)*	Beneficial owner	204,752,000	5.22%
Tan Lini *(Note 4)*	Interests of controlled corporations	204,752,000	5.22%

DIRECTORS' REPORT

SUBSTANTIAL SHAREHOLDERS *(continued)*

Notes:

1. The 440,500,000 shares of the Company are held by Leading Highway Limited, which is wholly owned by Cheng Yung Pun

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.

3. The 257,760,000 shares of the Company are held by Villas Green Investments Limited, a company wholly owned by Chong Yee Kwan

4. The 204,752,000 shares of the Company are held by Smartpath Investments Limited, a company wholly owned by Tan Lini.

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 2010.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the listed securities of the Company.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2010, the aggregate amount of revenue attributable to the Group's five largest customers represented 31.2% of the Group's total revenue. Aggregate operating and administrative expenses attributable to the Group's five largest suppliers were less than 30% of total operating and administrative expenses for the year.

At no time during the year did any Director, any associate of a Director, or any shareholder of the Company, which to the knowledge of the Directors owned more than 5% of the Company's share capital, have any beneficial interests in these customers or suppliers.

DIRECTORS' REPORT

CORPORATE GOVERNANCE

The Company is committed to maintain a high standard of corporate governance practices. Information on the corporate governance practices is adopted by the Company as set out in the Corporate Governance Report on pages 15 to 37 of the annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, there was sufficient of public float of the Company's securities as required under the HK Listing Rules.

AUDITOR

The financial statements for the financial year ended 31 December 2010 have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves or re-appointment at the forthcoming annual general meeting of the Company.

By order of the Board

Luk Kin Peter Joseph
Chairman

Hong Kong, 24 March 2011

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22nd Floor, Prince's Building
Central, Hong Kong
Telephone (852) 2289 8888
Facsimile (852) 2810 9888

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

We have audited the consolidated financial statements of Wah Nam International Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 49 to 128, which comprise the consolidated and company balance sheets as at 31 December 2010, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing . Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2010, and of the Group's loss and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

OTHER MATTERS

This report, including the opinion, has been prepared for and only for you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 24 March 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

	Note	2010 HK$'000	2009 HK$'000
Revenue	6	131,996	95,374
Direct costs	13	(106,792)	(84,729)
Gross profit		25,204	10,645
Selling and administrative expenses	13	(96,555)	(31,618)
Other income	8	168	300
Other gains, net	9	1,790	505
Impairment losses	10	(153,000)	(38,314)
Finance costs	11	(4,001)	(20,914)
Loss before income tax		(226,394)	(79,396)
Income tax expense	12	(338)	(608)
Loss for the year		(226,732)	(80,004)
Other comprehensive income:			
Exchange differences arising on translation of foreign operation		32,405	(285)
Change in fair value on available-for-sale investments, net of tax		491,187	133,644
Other comprehensive income for the year, net of tax		523,592	133,359
Total comprehensive income for the year		296,860	53,355
Loss for the year attributable to:			
Equity holders of the Company		(210,644)	(78,935)
Non-controlling interest		(16,088)	(1,069)
		(226,732)	(80,004)
Total comprehensive income attributable to:			
Equity holders of the Company		309,987	54,433
Non-controlling interest		(13,127)	(1,078)
		296,860	53,355
		HK cents	HK cents
Loss per share attributable to the equity holders of the Company during the year			
— Basic	16	(5.99)	(3.44)
— Diluted	16	(5.99)	(3.44)

The notes on pages 57 to 128 are an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

As at 31 December 2010

	Note	31 December 2010 HK$'000	31 December 2009 HK$'000	1 January 2009 HK$'000
Non-current assets				
Mining right	17	850,616	980,568	987,005
Property, plant and equipment	18	87,668	81,726	86,024
Goodwill	19	11,405	11,405	49,719
Intangible asset	20	11,217	12,819	14,421
Available-for-sale investments	23	1,545,224	309,929	—
Deferred income tax assets	32	—	337	966
Other non-current assets		8,685	8,900	8,419
		2,514,815	1,405,684	1,146,554
Current assets				
Inventories	21	12,164	4,516	7,379
Trade receivables	22	30,013	21,456	12,246
Other receivables, deposits and prepayments		11,445	7,470	7,232
Amount due from a related party	38	1,067	1,139	1,500
Financial assets at fair value through profit or loss	24	5,187	3,397	2,894
Restricted cash	26	5,200	5,200	—
Cash and cash equivalents	25	135,590	16,758	59,757
		200,666	59,936	91,008
Current liabilities				
Trade payables	27	12,350	9,738	10,667
Other payables and accrued charges	27	46,069	44,529	40,008
Amount due to directors	38	—	—	305
Amounts due to related parties	38	4,368	1,363	—
Bank borrowings	28	41,622	39,258	30,131
Obligations under finance leases	29	1,951	1,965	1,739
		106,360	96,853	82,850
Net current assets/(liabilities)		94,306	(36,917)	8,158
Total assets less current liabilities		2,609,121	1,368,767	1,154,712

CONSOLIDATED BALANCE SHEET

As at 31 December 2010

	Note	31 December 2010 HK$'000	31 December 2009 HK$'000	1 January 2009 HK$'000
Capital and reserves				
Share capital	30	392,244	278,226	151,534
Reserves		1,875,371	844,930	610,018
Equity attributable to the equity holders of the Company		2,267,615	1,123,156	761,552
Non-controlling interest		82,298	95,425	96,503
Total equity		2,349,913	1,218,581	858,055
Non-current liabilities				
Obligations under finance leases	29	2,860	1,168	2,230
Amount due to a related party	38	32,360	21,353	23,829
Convertible notes	31	–	74,119	262,828
Deferred income tax liabilities	32	223,499	53,074	7,298
Provision for restoration costs	33	489	472	472
		259,208	150,186	296,657
		2,609,121	1,368,767	1,154,712

The consolidated financial statements on pages 49 to 128 were approved and authorised for issue by the Board of Directors on 24 March 2011 and are signed on its behalf by:

Luk Kin Peter Joseph	**Chan Kam Kwan, Jason**
Chairman	*Director*

The notes on pages 57 to 128 are an integral part of these financial statements.

BALANCE SHEET

As at 31 December 2010

	Note	31 December 2010 HK$'000	31 December 2009 HK$'000	1 January 2009 HK$'000
Non-current assets				
Investments in subsidiaries	39	67,754	91,045	91,045
Amounts due from subsidiaries	39	1,457,514	1,010,004	880,854
		1,525,268	1,101,049	971,899
Current assets				
Prepayments		470	522	292
Amounts due from subsidiaries	39	14,053	11,973	18,888
Cash and cash equivalents	25	119,045	2,942	36,137
		133,568	15,437	55,317
Current liabilities				
Other payables and accrued charges	27	4,566	4,691	2,729
Amounts due to directors	38	—	—	305
		4,566	4,691	3,034
Net current assets		129,002	10,746	52,283
Total assets less current liabilities		1,654,270	1,111,795	1,024,182
Capital and reserves				
Share capital	30	392,244	278,226	151,534
Reserves	40	1,262,026	759,450	609,820
Total equity		1,654,270	1,037,676	761,354
Non-current liability				
Convertible notes	31	—	74,119	262,828
Total equity and non-current liability		1,654,270	1,111,795	1,024,182

Luk Kin Peter Joseph
Chairman

Chan Kam Kwan, Jason
Director

The notes on pages 57 to 128 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2010

	Attributable to equity holders of the Company									
	Share capital *HK$'000* *(Note 30)*	Share premium *HK$'000*	Statutory surplus reserve *HK$'000*	Convertible notes reserve *HK$'000*	Available-for-sale investments reserve *HK$'000*	Translation reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*	Non-controlling interest *HK$'000*	Total *HK$'000*
Balance at 1 January 2009	151,534	340,473	225	587,450	–	(8,024)	(310,106)	761,552	96,503	858,055
Comprehensive income										
Loss for the year	–	–	–	–	–	–	(78,935)	(78,935)	(1,069)	(80,004)
Other comprehensive income										
Exchange differences arising on translation of foreign operation recognised directly in equity	–	–	–	–	–	(276)	–	(276)	(9)	(285)
Fair value gain on available-for-sale investment *(Note 23)*	–	–	–	–	180,491	–	–	180,491	–	180,491
Deferred tax on fair value gain on available-for-sale investment *(Note 32)*	–	–	–	–	(46,847)	–	–	(46,847)	–	(46,847)
Total other comprehensive income for the year	–	–	–	–	133,644	(276)	–	133,368	(9)	133,359
Total comprehensive income for the year	–	–	–	–	133,644	(276)	(78,935)	54,433	(1,078)	53,355
Transactions with equity holders										
Issue of shares *(Note 30)*	11,150	89,200	–	–	–	–	–	100,350	–	100,350
Transaction costs attributable to issue of shares *(Note 30)*	–	(1,173)	–	–	–	–	–	(1,173)	–	(1,173)
Issue of shares upon conversion of convertible notes *(Note 30 and 31)*	115,542	525,145	–	(432,693)	–	–	–	207,994	–	207,994
Appropriations to statutory surplus reserve *(Note a)*	–	–	408	–	–	–	(408)	–	–	–
Total transactions with equity holders	126,692	613,172	408	(432,693)	–	–	(408)	307,171	–	307,171
Balance at 31 December 2009	278,226	953,645	633	154,757	133,644	(8,300)	(389,449)	1,123,156	95,425	1,218,581

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2010

	Attributable to equity holders of the Company										
	Share capital *HK$'000* *(Note 30)*	Share premium *HK$'000*	Statutory surplus reserve *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$'000*	Non-controlling interest *HK$'000*	Total *HK$'000*
Balance at 1 January 2010	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 year	–	–	–	–	–	–	–	(210,644)	(210,644)	(16,088)	(226,732)
Other comprehensive income											
Exchange differences arising on translation of foreign operation recognised directly in equity	–	–	–	–	–	–	29,444	–	29,444	2,961	32,405
Change in fair value on available-for-sale investments *(Note 23)*	–	–	–	–	662,306	–	–	–	662,306	–	662,306
Deferred tax on fair value gain on available-for-sale investments *(Note 32)*	–	–	–	–	(171,119)	–	–	–	(171,119)	–	(171,119)
Total other comprehensive income for the year	–	–	–	–	491,187	–	29,444	–	520,631	2,961	523,592
Total comprehensive income for the year	–	–	–	–	491,187	–	29,444	(210,644)	309,987	(13,127)	296,860
Transactions with equity holders											
Issue of shares *(Note 30)*	71,200	663,150	–	–	–	–	–	–	734,350	–	734,350
Transaction costs attributable to issue of shares *(Note 30)*	–	(18,391)	–	–	–	–	–	–	(18,391)	–	(18,391)
Issue of shares upon conversion of convertible notes *(Note 30 and 31)*	42,818	188,640	–	(154,757)	–	–	–	–	76,701	–	76,701
Share-based compensation *(Note 34)*	–	–	–	–	–	41,812	–	–	41,812	–	41,812
Appropriations to statutory surplus reserve *(Note a)*	–	–	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	392,244	1,787,044	1,233	–	624,831	41,812	21,144	(600,693)	2,267,615	82,298	2,349,913

(a) The statutory surplus reserve represents general reserve funds appropriated from the profit after income 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 57 to 128 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2010

	Note	2010 HK$'000	2009 HK$'000
Cash flows from operating activities			
Loss before income tax		(226,394)	(79,396)
Adjustments for:			
Impairment of goodwill	10	–	38,314
Impairment of mining right	17	153,000	–
Finance costs	11	4,001	20,914
Depreciation of property, plant and equipment	18	15,770	14,440
Amortisation of intangible asset	20	1,602	1,602
Amortisation of mining right	13	5,421	6,349
Share based compensation		41,812	–
Gain on disposal of financial assets at fair value through profit or loss		–	(2)
Reversal of inventory provision		–	(184)
Dividend income from financial assets fair value through profit or loss		(91)	(28)
Interest income		(115)	(21)
Unrealised gain on financial assets at fair value through profit or loss		(1,790)	(503)
Loss on disposal of property, plant and equipment		556	106
Exchange gain		(1,300)	–
Operating cash flows before movements in working capital		(7,528)	1,591
(Increase)/decrease in inventories		(4,834)	3,047
Increase in trade receivables		(8,557)	(9,210)
(Increase)/decrease in other receivables, deposits and prepayments		(4,393)	842
Increase in restricted cash		–	(5,200)
Increase/(decrease) in trade payables		2,612	(929)
Increase in other payables and accrued charges		2,366	1,548
Decrease in amounts due to directors		–	(305)
Increase/(decrease) in amounts due from related parties		13,294	(750)
Cash used in operating activities		(7,040)	(9,366)
Income tax (paid)/refund		(991)	361
Net cash used in operating activities		(8,031)	(9,005)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2010

	Note	2010 HK$'000	2009 HK$'000
Cash flows from investing activities			
Purchase of available-for-sale investments	23	(572,989)	(129,588)
Purchases of property, plant and equipment	18	(20,514)	(10,415)
Proceeds from disposal of property, plant and equipment		644	167
Interest received		115	21
Dividends received from financial assets at fair value through profit or loss		91	28
Proceeds from disposal of financial assets at fair value through profit or loss		–	152
Net cash used in investing activities		(592,653)	(139,635)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		734,350	100,350
Proceeds from borrowings		19,171	22,213
Additional finance lease		4,643	1,198
Expenses on issuance of ordinary shares		(18,391)	(1,173)
Repayment of borrowings		(16,807)	(13,086)
Repayment of obligations under finance leases		(2,965)	(2,034)
Interest paid		(1,183)	(1,401)
Finance lease charges		(236)	(228)
Net cash generated from financing activities		718,582	105,839
Net increase/(decrease) in cash and cash equivalents		117,898	(42,801)
Cash and cash equivalents at beginning of year		16,758	59,757
Effect of foreign exchange rate changes		934	(198)
Cash and cash equivalents at end of year, represented by			
Bank balances and cash	25	135,590	16,758

The notes on pages 57 to 128 are an integral part of these financial statements.

1. GENERAL

Wah Nam International Holdings Limited (the "Company") and its subsidiaries (together, the "Group") are principally engaged 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; 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"). The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The Company was officially admitted to the Australian Securities Exchange (the "ASX") on 7 January 2011 and the trading commenced on 11 January 2011.

These consolidated financial statements are presented in thousands of Hong Kong dollar (HK$'000) unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 24 March 2011.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These are the Group's first consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). The transition from Hong Kong Financial Reporting Standards ("HKFRS") to IFRS was effective from 1 January 2009.

The accounting policies set out in note 2 have been applied in preparing the consolidated financial statements for the year ended 31 December 2010, the comparative information presented in these financial statements for the year ended 31 December 2009 and in the preparation of an opening IFRS balance sheet at 1 January 2009.

HKFRS were fully converged with IFRS (except for certain differences in transitional provisions) with effect from 1 January 2005. However, as this is the first time the Group is making an explicit and unreserved statement of compliance with IFRS, 1 January 2009 represents the date of transition to IFRS in accordance with IFRS 1 "First-time Adoption of International Financial Reporting Standards".

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) Basis of preparation *(continued)*

The adoption of IFRS 1 does not have any financial impact on the Group's financial statements in 2009 and 2010 after applying applicable IFRS 1 exceptions and exemptions in transition from HKFRS to IFRS.

Set out below are the applicable IFRS 1 exemptions and exceptions applied in the conversion from HKFRS to IFRS.

IFRS exemption options

- *Exemption for business combinations*

  IFRS 1 provides the option to apply IFRS 3, `Business combinations', prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date. The group elected to apply IFRS 3 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.

  Furthermore, the Group elected not to apply IAS 21, "The Effects of Changes in Foreign Exchange Rates" retrospectively to fair value adjustments and goodwill arising in business combinations that occurred before the date of transition to IFRS.

- *Exemption for investments in subsidiaries, jointly controlled entities and associates*

  IFRS 1 permits the Company to account for its investments in subsidiaries, jointly controlled entities and associates either at cost determined in accordance with International Accounting Standards Board ("IAS") - IAS 27 "Consolidated and separate financial statements" or at deemed cost which is the fair value at the entity's date of transition to IFRSs in its separate financial statements or the previous Generally Accepted Accounting Principles ("GAAP") carrying amount at that date. The Company elects to account for its investments in subsidiaries at deemed cost which is the carrying amount recorded under HKFRS at the date of transition.

- *Exemption for compound financial instruments*

  IFRS 1 permits the Group not to separate the compound financial instruments into two portions of equity if the liability component is no longer outstanding at the date of transition.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) Basis of preparation *(continued)*

IFRS exemption options *(continued)*

- *Exemption for designation of previously recognised financial instruments*

  IFRS 1 provides retrospective relief from applying IAS 39 "Financial Instruments: Recognition and measurement", for the designation of a financial instrument as a financial asset or financial liability at "fair value through profit or loss" or as "available-for-sale" on initial recognition. In line with the exemption, the Group elected to designate financial instruments according to IAS 39 at the date of transition to IFRS.

  The remaining voluntary exemptions do not apply to the Group:

  - Share-based payment (IFRS 2), as the Group did not have the share-based payment granted before 2010;
  - Fair value or revaluation as deemed cost (IAS 16), as the property, plant & equipment is recognised at cost;
  - Leases (IAS 17) and Decommissioning liabilities included in the cost of property, plant and equipment (IAS 37), as HKFRSs and the IFRSs were already aligned as regards these transactions;
  - Insurance contracts (IFRS 4), as this is not relevant to the Group's operations;
  - Employee benefits (IAS 19), as the Group does not operate any employee defined benefit plan;
  - Cumulative translation differences (IAS 21), as the Group does not intend to reset the cumulative translation gains and losses to zero;
  - Assets and liabilities of subsidiaries, associates and joint ventures, as only the Group's consolidated financial statements have been prepared in accordance with IFRS;
  - Financial assets or intangible assets accounted for under International Financial Reporting Interpretations Committee ("IFRIC") - IFRIC 12 "Service Concession Arrangements", as the group has not entered into agreements within the scope of IFRIC 12;
  - Borrowing costs (IAS 23), as the group does not have the relevant qualifying assets; and
  - Transfers of assets from customers (IFRIC 18), as the Group does not have assets of this type.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) Basis of preparation *(continued)*

IFRS mandatory exceptions

Set out below are the applicable mandatory exceptions in IFRS 1 applied in the conversion from HKFRS to IFRS.

- *Exception for derecognition of financial assets and liabilities*

  IFRS 1 provides that an entity can apply the derecognition requirements in IAS 39 "Financial Instruments: Recognition and Measurement", prospectively for transactions occurring on or after 1 January 2004. The Group elected to apply IAS 39 prospectively.

- *Exception for non-controlling interests*

  The requirements under IAS 27 "Consolidated and separate financial statements" in relation to the accounting of non-controlling interests are applied prospectively from the date of transition to IFRS.

- *Exception for estimates*

  IFRS estimates as at 1 January 2009 are consistent with the estimates as at the same date made in conformity with HKFRS.

The compulsory exception of IFRS 1 in respect of the Hedge accounting has not been applied as it is not relevant to the Group.

The consolidated financial statements have been prepared under the historical cost convention, as modified by available-for-sale investments, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) Basis of preparation *(continued)*

Standards and amendments to existing standards that are not yet effective and have not been early adopted by the Group

- IFRS 9, 'Financial instruments'. This standard is the first step in the process to replace IAS 39, 'Financial instruments' recognition and measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the group's accounting for its financial assets. The standard is not applicable until 1 January 2013. An instrument is subsequently measured at amortised cost only if it is a debt instrument and both the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and the asset's contractual cash flows represent only payments of principal and interest. All other debt instruments are to be measured at fair value through profit or loss. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity instruments, an irrevocable election can be made at initial recognition, to recognise unrealised and realised fair value gains and losses are through other comprehensive income. The Group is yet to assess the full impact of IFRS 9. However, initial indications are that there would be no significant impact to the Group's equity instruments that are held for trading and equity available-for-sale investments.

  With the amended IFRS 9 issued in 2010, the classification and measurement requirements for financial liabilities and the derecognition requirements for financial instruments have been relocated from IAS 39 without change, except for financial liabilities designated at fair value through profit or loss, changes in the fair value due to changes in own credit risk are recognised directly in other comprehensive income. Initial indications are that IFRS 9 did not have significant financial impact as the Group did not have any financial liabilities that would be affected by the changes in classification and measurement requirements.

- Revised IAS 24(Revised), 'Related party disclosures'.The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The group will apply the revised standard from 1 January 2011. When the revised standard is applied, the Group and the Company will need to disclose any transactions between its subsidiaries and its associates.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) Basis of preparation *(continued)*

Improvements to IFRS — Amendments to existing standards that are not yet effective and have not been early adopted by the Group

• IAS 1	Presentation of financial statements[2]
• IAS 27	Consolidated and separate financial statements[1]
• IAS 34	Interim financial reporting[2]
• IFRS 3 (Revised)	Business Combination[1]
• IFRS 7	Financial instruments: Disclosures[2]
• IFRIC-Int 13	Customer loyalty programme[2]

1 Effective for the Group for annual periods beginning on or after 1 July 2010
2 Effective for the Group for annual periods beginning on or after 1 January 2011

The directors of the Company anticipate that the above amendments will not result in significant changes to the Group's accounting policies.

(b) Consolidation

(i) Subsidiaries

The consolidated financial statements include the financial statements of the Company and all entities controlled by the Company (its subsidiaries). Control exists when the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group operates its limousine rental business in the PRC through PRC domestic companies whose equity interests are held by certain citizens of China (the "Registered Shareholders"). The paid-in capital of these companies was funded by the Group through loans extended to the Registered Shareholders. The Group has entered into certain business cooperation agreements with the Registered Shareholders, which make it obligatory for the Group to absorb a substantial majority of the risk of losses from their activities and entitle the Group to receive a substantial majority of their residual returns. In addition, the Group has entered into loan agreements with the Registered Shareholders for them to contribute paid-in capital to the domestic companies for the Group to acquire the equity in the PRC domestic companies subject to compliance with PRC laws. Based on these contractual agreements, the Group believes that, notwithstanding the lack of equity ownership, the contractual arrangements described above give the Group control over the PRC domestic companies in substance. Accordingly, the financial position and operating results of these entities are included in the Group's consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Consolidation *(continued)*

(i) Subsidiaries (continued)

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income (note 2(c)).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary in the consolidated financial statements to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses (Note 2(j)). The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(ii) Transactions with non-controlling interests

The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Consolidation *(continued)*

(iii) Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights except that the group can demonstrate that it has or does not have significant influence. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

Dilution gains and losses arising in investments in associates are recognised in the income statement.

(iv) Partial disposals

When the group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Consolidation *(continued)*

(iv) Partial disposals (continued)

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(c) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

(d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the directors of the Group, who are responsible for allocating resources, assessing performance of the operating segments, and making strategic decisions.

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollar, which is the Company's functional and the Group's presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Foreign currency translation *(continued)*

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

Translation differences on non-monetary financial assets such as equities classified as available for sale are included in the available-for-sale investment reserve in equity.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

— assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

— income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

— all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated statement of comprehensive income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and after eliminating sales within the Group.

Limousine rental services income and airport shuttle bus rental services income are recognised when the related services are provided.

Revenue from sales of goods is recognised when goods are delivered and title has passed.

Interest income from a financial asset is accrued on a time basis at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income is recognised when the right to receive payment is established.

Income from dealing in securities and sale of investments is recognised, on the transaction dates when the relevant contract notes are exchanged or the settlement dates when the securities are delivered.

(g) Mining right

Mining right is recognised as an intangible asset and stated in the balance sheet at cost less subsequent accumulated amortisation and accumulated impairment losses, if any.

Mining right is amortised using the units of production method based on the proven and probable mineral reserves.

(h) 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 intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes, other than construction in progress, are stated at historical cost less subsequent accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method, at the following rates per annum after taking into account of residual value:

Buildings	5%
Leasehold improvements	25%
Plants, furniture, fixtures and equipment	12.5%-25%
Motor vehicles	10%-20%

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated statement of comprehensive income in the financial period in which the item is derecognised.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses in disposal are determined by Company the proceeds with the carrying amount and are recognised in the consolidated statement of comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Impairment of investments in subsidiaries and non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment testing of the investments in subsidiaries or associates is required upon receiving dividends from those investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount for the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(l) Borrowing costs

All borrowing costs are recognised as and included in finance costs in the consolidated statement of comprehensive income in the period in which they are incurred. Except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of a qualifying asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(n) Financial assets

The Group classifies its financial assets in the following categories: available-for-sale, at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables', 'amount due from a related party', 'cash and cash equivalents' and 'restricted cash' in the balance sheet (Notes 2(p) and 2(q)).

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investment. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Available-for-sale financial assets are measured at fair value at the end of each reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in available-for-sales investment reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the available-for-sale investment reserve is reclassified to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(n) Financial assets *(continued)*

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the consolidated statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the consolidated statement of comprehensive income within 'other gains/(losses), net', in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated statement of comprehensive income as part of other income when the Group's right to receive payments is established.

Translation differences on non-monetary securities are recognised in other comprehensive income. Changes in fair value of non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income as 'gains and losses from investment securities'.

Dividends on available-for-sale equity instruments are recognised in the statement of comprehensive income as part of other income when the Group's right to receive payments is established.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(o) Impairment of financial assets

(i) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

  (i) adverse changes in the payment status of borrowers in the portfolio;

  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(o) Impairment of financial assets *(continued)*

(i) ***Assets carried at amortised cost*** *(continued)*

The Group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

(ii) ***Assets classified as available-for-sale***

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the separate consolidated income statement. Impairment losses recognised in the separate consolidated income statement on equity instruments are not reversed through the separate consolidated income statement.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(p) Trade and other receivables

Trade receivables are amounts due from customers for inventories sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(q) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(r) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(s) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(t) Convertible notes

Convertible notes issued by the Group that contain both the liability and conversion option components are classified separately into respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the loan notes into equity, is included in equity (convertible notes reserve).

In subsequent periods, the liability component of the convertible notes is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible notes reserve until the embedded option is exercised, in which case the balance stated in convertible notes reserve will be transferred to share premium. Where the option remains unexercised at the expiry date, the balance stated in convertible notes reserve will be released to the retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible notes using the effective interest method.

(u) Financial guarantee

Financial guarantee contracts within the scope of IAS 39 are accounted for as financial liabilities. A financial guarantee contract is recognised initially at its fair value. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the best estimate of the expenditure required to settle any financial obligation arising at the balance sheet date; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in the statement of comprehensive income the fee income earned on a straight line basis over the life of the guarantee.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(v) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(w) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

(i) The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to income statement.

Rentals payable under operating leases are charged to the consolidated income statement on a straight-line basis over the terms of the relevant leases. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expenses over the lease term on a straight-line basis.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(x) Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(y) Employee benefits

(i) Salaries, annual bonuses, annual leave entitlement and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present value.

(ii) The Group participates in various defined contribution schemes. The schemes are generally funded through payments to insurance companies, trustee-administrated funds or the relevant government authorities. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Payments to state-managed retirement benefit and Mandatory Provident Fund retirement benefits scheme are charged as expenses as when employees have rendered services entitling them to the contributions.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(z) Share-based payments

The Group operates an equity-settled, share-based compensation plans, under which the entity receives services from directors, employees or consultants as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(aa) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

(ab) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Group's accounting policies, which are described in note 2, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2010, the carrying amount of goodwill is HK$11,405,000 (2009: HK$11,405,000). Details of the recoverable amount calculation and the key assumptions used are disclosed in note 19.

(b) Impairment of intangible asset

Determining whether intangible asset is impaired requires an estimation of the value-in-use of the cash-generating units to which intangible asset has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2010, the carrying amount of intangible asset is HK$11,217,000 (2009: HK$12,819,000). Details of the recoverable amount calculation and the key assumptions used are disclosed in note 20.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

(c) Expected useful life of intangible asset

The Group amortises its intangible asset on a straight line basis over its estimated useful life of 10 years commencing from the date of acquisition of subsidiaries. The estimated useful life reflects the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the intangible asset. The Group re-assesses the useful life of the intangible asset on a regular basis and if the expectation differs from the original estimate, such difference will impact the amortisation in the year in which such estimate has been changed. During the year ended 31 December 2010, the Group recognised amortisation of intangible asset amounting to approximately HK$1,602,000 (2009: HK$1,602,000). Details of the Group's intangible asset are set out in note 20.

(d) Expected useful life of mining right and mineral reserves

The Group's management has determined the estimated useful life of approximately or over 18 years for its mining right based on the proven and probable reserves of 7,798,000 tones. The mining right was granted for a term of 5 years expiring in 2012. The directors of the Company are of the opinion that the Group will be able to continuously renew the mining right and the business licenses of respective mining subsidiaries at minimal charges. In the opinion of the independent legal advisor of the Company, there is no significant obstacle for the Group to renew its mining right and business licenses when they expire. Accordingly, the Group has used the proven and probable reserves as basis of estimation for the useful life of its mining right.

Amortisation rate is determined based on estimated proven and probable mine reserve quantities with reference to the independent technical assessment report. The capitalised cost of mining rights are amortised using the units of production method. Any change to the estimated proven and probable mine reserves will affect the amortisation charge of those mining rights. Management will reassess the useful lives whenever the ability to renew the mining right and business licenses occurs.

Proven and probable mineral reserve estimates are updated at regular basis and have taken into account recent production and technical information about the mine. This change is considered a change in estimate for accounting purposes and is reflected on a prospective basis in related amortisation rate.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

(e) Impairment of mining right

Determining whether the mining right is impaired requires an estimation of the recoverable amount of the cash-generating unit to which the mining right has been allocated, by value-in-use and fair value less cost to sell approaches. The Group estimates the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2010, the carrying amount of the mining right is approximately HK$850,616,000 (2009: HK$980,568,000). An impairment loss of HK$153,000,000 was recognised for the year ended 31 December 2010. Details of the key assumptions used are disclosed in note 17.

4. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debts and equity balances. The directors of the Company consider that the capital structure of the Group consists of long-term debts, and equity attributable to equity holders of the Company comprising issued capital and reserves.

The directors of the Company review the capital structure by considering the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through payment of dividends, new share issues as well as the issue of the new debt or the repayment of existing debts. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

The gearing ratios at 31 December 2010 and 2009 were as follows:

	2010 ***HK$'000***	2009 *HK$'000*
Long-term debts *(Notes 29, 31 and 38)*	**35,220**	96,640
Total equity	**2,349,913**	1,218,581
Total capital	**2,385,133**	1,315,221
Gearing ratio	**1.5%**	7.3%

The significant decrease in the gearing ratio during 2010 resulted primarily from the issuance of new shares through placement with net proceeds of approximately HK$715,959,000 (Note 30) and the conversion of convertible notes of approximately HK$76,701,000 (Note 31).

5. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	The Group		
	31 December 2010 *HK$'000*	31 December 2009 *HK$'000*	1 January 2009 *HK$'000*
Financial assets			
Available-for-sale investments	**1,545,224**	309,929	—
Financial assets at fair value through profit or loss	**5,187**	3,397	2,894
Loans and receivables:			
— Other non-current assets	**—**	—	1,080
— Trade receivables	**30,013**	21,456	12,246
— Other receivables and deposits	**4,565**	3,027	1,737
— Amount due from a related party	**1,067**	1,139	1,500
— Restricted cash	**5,200**	5,200	—
— Cash and cash equivalents	**135,590**	16,758	59,757
	1,726,846	360,906	79,214
Financial liabilities			
At amortised cost:			
— Trade payables	**12,350**	9,738	10,667
— Other payables and accrued charges	**46,069**	44,529	40,008
— Amounts due to directors	**—**	—	305
— Bank borrowings	**41,622**	39,258	30,131
— Amounts due to related parties	**36,728**	22,716	23,829
— Convertible notes	**—**	74,119	262,828
Obligations under finance leases	**4,811**	3,133	3,969
	141,580	193,493	371,737

5. FINANCIAL INSTRUMENTS *(continued)*

(a) Categories of financial instruments *(continued)*

	The Company		
	31 December 2010 ***HK$'000***	31 December 2009 *HK$'000*	1 January 2009 *HK$'000*
Financial assets			
Loans and receivables:			
— Amounts due from subsidiaries	**14,053**	11,973	18,888
— Cash and cash equivalents	**119,045**	2,942	36,137
	133,098	14,915	55,025
Financial liabilities			
At amortised cost:			
— Other payables and accrued charges	**4,566**	4,691	2,729
— Amounts due to directors	**—**	—	305
— Convertible notes	**—**	74,119	262,828
	4,566	78,810	265,862

(b) Financial risk management

The Group's major financial instruments are set out in note (a) above and the details of these financial instruments are disclosed in the respective notes. The Group's activities expose it to a variety of financial risks: market risk (including currency risk, price risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

5. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management *(continued)*

(i) Market risk

(1) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises from monetary assets and liabilities denominated in foreign currencies. The Group had only insignificant foreign exchange risk exposure to Renminbi ("RMB") as at 31 December 2010, 31 December 2009 and 1 January 2009 and as such, no sensitivity analysis has been presented.

(2) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet as available-for-sale or at fair value through profit or loss. To manage its price risk arising from the investments in equity securities, management will minimise the price risk by considering hedging the risk exposure should the need arise.

The Group's investments in equity of other entities are publicly traded on the Stock Exchange of Hong Kong and the Australian Securities Exchange. The table below summarises the impact of increase/decrease in the value of the investments on the Group's post-tax profit for the year and on equity. The analysis is based on the assumption that the equity indexes had increased/decreased by 10% with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the index:

	Impact on post-tax profit		**Impact on other components of equity, net of tax**	
Index	**2010 *HK$'000***	2009 *HK$'000*	**2010 *HK$'000***	2009 *HK$'000*
Hang Seng Index (^HSI)	**519**	340	**—**	—
All Ordinaries (^AORD)	**—**	—	**108,166**	21,695
	519	340	**108,166**	21,695

5. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management *(continued)*

(i) Market risk (continued)

(3) Interest rate risk

The Group is exposed to fair value interest rate risk mainly in relation to fixed rate convertible notes and fixed rate obligation under finance leases. If the interest rate had been 50 basis points higher/lower, the Group's loss for the year ended 31 December 2010 would be a maximum increase/decrease of HK$24,000 (2009: HK$642,000).

The Company has fully converted the convertible notes during the year. There was no interest rate risk in relation to its fixed rate convertible notes at 31 December 2010 (2009: HK$626,000).

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank borrowings. The Group's interest rate risk on bank balances is insignificant. It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

The Group does not have an interest rate hedging policy. However, the management monitor interest rate exposures and will consider hedging significant interest rate exposures should the need arises.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's loss for the year ended 31 December 2010 would increase/decrease by HK$208,000 (2009: HK$196,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

The sensitivity analyses above have been determined based on the exposure to interest rates for non-derivative instruments at the balance sheet date. For variable-rate bank borrowings, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

5. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management *(continued)*

(ii) Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the trade receivables, other receivables and deposits, amount due from a related party, cash and cash equivalents and restricted cash as stated in the consolidated balance sheet.

The Company's maximum exposure to credit risks is in relation to the carrying amount of cash and cash equivalents and amounts due from subsidiaries as stated in the Company's balance sheet.

In order to minimise the credit risk, the management of the Group has delegated a team to compile the credit and risk management policies, to approve the credit limit and to determine any debt recovery action on those delinquent receivables. In addition, the management reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the credit risk of the Group is significantly reduced.

The credit risk on cash and cash equivalents is limited for both the Group and the Company because counterparties are mainly the banks with high credit-rating, i.e. above Aa1 assigned by international credit-rating agencies.

The Group and the Company have no concentration of credit risk, with exposure spread over a number of counterparties.

(iii) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings.

5. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management *(continued)*

(iii) Liquidity risk (continued)

The Group relies on bank borrowings from bank as a significant source of liquidity. As at 31 December 2010, the Group has available unutilised bank loan facilities of approximately HK$12,377,773 (2009: HK$17,141,592). The Company has no bank loan facilities as at 31 December 2010 and 2009.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Liquidity and interest risk tables

	The Group					
2010	Weighted average effective interest rate %	Within 1 year of demand *HK$'000*	1-2 years *HK$'000*	2-5 years *HK$'000*	Total undiscounted cash flows *HK$'000*	Carrying amount at year end date *HK$'000*
Non-derivative financial liabilities:						
Trade payables		12,350	–	–	12,350	12,350
Other payables and accrued charges		46,069	–	–	46,069	46,069
Amounts due to related parties		4,368	32,360	–	36,728	36,728
Bank borrowings – variable rate	2.57	41,622	–	–	41,622	41,622
Obligations under finance leases	2.51	2,167	1,515	1,532	5,214	4,811
		106,576	33,875	1,532	141,983	141,580

5. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management *(continued)*

(iii) Liquidity risk (continued)

	The Group					
	Weighted average effective interest rate	Within 1 year of demand	1-2 years	2-5 years	Total undiscounted cash flows	Carrying amount at year end date
2009	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-derivative financial liabilities:						
Trade payables		9,738	–	–	9,738	9,738
Other payables and accrued charges		44,529	–	–	44,529	44,529
Amounts due to related parties		1,363	21,353	–	22,716	22,716
Bank borrowings – variable rate	2.73	39,258	–	–	39,258	39,258
Obligations under finance leases	2.44	2,099	890	335	3,324	3,133
Convertible notes	14.9	–	–	124,171	124,171	74,119
		96,987	22,243	124,506	243,736	193,493

5. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management *(continued)*

(iii) Liquidity risk (continued)

	The Company					
2010	**Weighted average effective interest rate** %	**Within 1 year of demand** *HK$'000*	**1-2 years** *HK$'000*	**2-5 years** *HK$'000*	**Total undiscounted cash flows** *HK$'000*	**Carrying amount at year end date** *HK$'000*
Non-derivative financial liabilities:						
Other payables and accrued charges	–	4,566	–	–	4,566	4,566
		4,566	–	–	4,566	4,566
2009						
Non-derivative financial liabilities:						
Other payables and accrued charges	–	4,691	–	–	4,691	4,691
Convertible notes	14.9	–	–	124,171	124,171	74,119
		4,691	–	124,171	128,862	78,810

The Company has provided guarantee of HK$75,200,000 (2009: HK$63,200,000) to a bank as a security of the banking facilities granted to an indirectly wholly-owned subsidiary. The guarantee is paid on demand if the banking facilities are in default.

5. FINANCIAL INSTRUMENTS *(continued)*

(c) Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets with standard terms and conditions and trade on active liquid markets are determined with reference to quoted market bid prices;
- the fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments; and
- the carrying values of financial assets (other than those measured at fair value) and financial liabilities.

Effective 1 January 2009, the Group adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Group's financial assets that are measured at fair value at 31 December 2010 included the trading securities of approximately HK$5,187,000 (2009: HK$3,397,000) presented as financial assets at fair value through profit or loss and equity securities of approximately HK$1,545,224,000 (2009: HK$309,929,000) presented as available-for-sale investments on the consolidated balance sheet. Their fair values are determined based on quoted market price which is the current bid price. All of them are classified as level 1.

6. REVENUE

Revenue represents the amounts received and receivable for providing limousine rental and airport shuttle bus services and sales of mineral ore products for the year ended 31 December 2010. An analysis of the Group's revenue for the year is as follows:

	2010	2009
	HK$'000	*HK$'000*
Income from limousine rental services	**99,903**	65,580
Income from airport shuttle bus services	**14,667**	14,993
Sales of copper, lead and zinc ore concentrates	**17,426**	14,801
	131,996	95,374

7. SEGMENT INFORMATION

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

The segment information is presented in respect of business segments because this is more consistent with the Group's internal financial reporting. The executive directors assess the performance of the operating segments based on the segment results which refer to the profit or loss before income tax expenses and finance cost.

(a) Business segments

The Group comprises the following main business segments:

Limousine rental services — provision of limousine rental services in both Hong Kong and the People's Republic of China ("PRC")

Airport shuttle bus services — provision of airport shuttle bus services in Hong Kong

Mining operation — exploitation, processing and sales of copper, zinc and lead ore concentrates in the PRC

Others — investment in equity securities

7. SEGMENT INFORMATION *(continued)*

(a) Business segments *(Continued)*

	Limousine rental services HK$'000	Airport shuttle bus services HK$'000	Mining operation HK$'000	Others HK$'000	Total HK$'000
31 December 2010					
Segment revenue from external customers	99,903	14,667	17,426	—	131,996
Segment results	6,706	646	(160,766)	1,911	(151,503)
Depreciation	(12,186)	(4)	(3,245)	—	(15,435)
Impairment of mining right	—	—	(153,000)	—	(153,000)
Amortisation of intangible asset	(1,046)	(556)	—	—	(1,602)
Amortisation of mining right	—	—	(5,421)	—	(5,421)
Finance costs	(1,225)	(194)	—	—	(1,419)
Income tax expense	89	(427)	—	—	(338)
31 December 2009					
Segment revenue from external customers	65,580	14,993	14,801	—	95,374
Segment results	(38,492)	1,679	(10,824)	522	(47,115)
Depreciation	(11,133)	(8)	(2,992)	—	(14,133)
Impairment of goodwill	(38,314)	—	—	—	(38,314)
Amortisation of intangible asset	(1,046)	(556)	—	—	(1,602)
Amortisation of mining right	—	—	(6,349)	—	(6,349)
Finance costs	(1,174)	(61)	—	—	(1,235)
Income tax expense	(608)	—	—	—	(608)

7. SEGMENT INFORMATION *(continued)*

(a) Business segments *(Continued)*

	Limousine rental services HK$'000	Airport shuttle bus services HK$'000	Mining operation HK$'000	Others HK$'000	Total HK$'000
31 December 2010					
Total segment assets (Excluded deferred income tax assets)	**109,555**	**26,486**	**905,272**	**1,553,570**	**2,594,883**
Total segment assets includes:					
Additions of property, plant and equipment	**18,331**	**—**	**2,100**	**—**	**20,431**
Additions of available-for-sales investments	**—**	**—**	**—**	**572,989**	**572,989**
Total segment liabilities (Excluded deferred income tax liabilities)	**(49,685)**	**(13,115)**	**(69,432)**	**(4,289)**	**(136,521)**
31 December 2009					
Total segment assets (Excluded deferred income tax assets)	101,563	20,213	1,024,342	313,691	1,459,809
Total segment assets includes:					
Additions of property, plant and equipment	9,724	—	382	—	10,106
Additions of available-for-sales investments	—	—	—	129,588	129,588
Total segment liabilities (Excluded deferred income tax liabilities)	(40,998)	(15,077)	(58,834)	—	(114,909)
1 January 2009					
Total segment assets (Excluded deferred income tax assets)	133,404	21,400	1,037,717	6,088	1,198,609
Total segment liabilities (Excluded deferred income tax liabilities)	(77,556)	(229,899)	(61,303)	—	(368,758)

7. SEGMENT INFORMATION *(continued)*

(a) Business segments *(continued)*

A reconciliation of segment results to loss before income tax is provided as follows:

	2010 ***HK$'000***	2009 *HK$'000*
Total segment results	**(151,503)**	(47,115)
Unallocated corporate expenses	**(70,890)**	(11,367)
Finance costs	**(4,001)**	(20,914)
Loss before income tax	**(226,394)**	(79,396)

Reportable segments' assets are reconciled to total assets as follows:

	31 December 2010 ***HK$'000***	31 December 2009 *HK$'000*	1 January 2009 *HK$'000*
Total segment assets	**2,594,883**	1,459,809	1,198,609
Unallocated corporate assets	**120,598**	5,474	37,987
Deferred income tax assets	**–**	337	966
Total Assets	**2,715,481**	1,465,620	1,237,562

Reportable segments' liabilities are reconciled to total liabilities as follows:

	31 December 2010 ***HK$'000***	31 December 2009 *HK$'000*	1 January 2009 *HK$'000*
Total segment liabilities	**(136,521)**	(114,909)	(368,758)
Unallocated corporate liabilities	**(5,548)**	(79,056)	(3,451)
Deferred income tax liabilities	**(223,499)**	(53,074)	(7,298)
Total Liabilities	**(365,568)**	(247,039)	(379,507)

7. SEGMENT INFORMATION *(continued)*

(b) Geographical information

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

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

	2010			2009		
	The PRC	Hong Kong	Total	The PRC	Hong Kong	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Segment revenue	55,495	76,501	131,996	29,123	66,251	95,374

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

	2010			2009		
	The PRC	Hong Kong	Total	The PRC	Hong Kong	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Specified non-current assets	917,892	51,699	969,591	1,038,157	57,261	1,095,418

8. OTHER INCOME

	2010	2009
	HK$'000	HK$'000
Interest on bank deposits	115	21
Loss on disposal of property, plant and equipment	(556)	(106)
Dividend income from financial assets at fair value through profit or loss	91	28
Others	518	357
	168	300

9. OTHER GAINS, NET

	2010 HK$'000	2009 HK$'000
Unrealised gain on financial assets at fair value through profit or loss	1,790	503
Gain on disposal of financial assets at fair value through profit or loss	–	2
	1,790	505

10. IMPAIRMENT LOSSES

	2010 HK$'000	2009 HK$'000
Impairment of goodwill *(note 19)*	–	38,314
Impairment of mining right *(note 17)*	153,000	–
	153,000	38,314

11. FINANCE COSTS

	2010 HK$'000	2009 HK$'000
Effective interest expenses on convertible notes *(note 31)*	2,582	19,679
Interest on bank borrowings	1,183	1,007
Interest on obligations under finance lease	236	228
	4,001	20,914

12. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profit for the year. PRC enterprise income tax has been provided at the prevailing rate of 25% (2009: 25%) on the estimated assessable profit applicable to the Company's subsidiaries established in the PRC.

	2010 ***HK$'000***	2009 *HK$'000*
Current income tax:		
Hong Kong profits tax		
Current year	**974**	1,015
(Overprovision)/Underprovision in prior years	**(270)**	15
PRC Enterprise Income Tax		
(Overprovision)/Underprovision in prior years	**(9)**	20
	695	1,050
Deferred income tax:		
Origination and reversal of temporary differences *(note 32)*	**(357)**	(442)
	338	608

The income tax on the Group's loss before income tax differs from the theoretical amount that would arise using the enacted tax rate of the consolidated entities as follows:

	2010 ***HK$'000***	2009 *HK$'000*
Loss before income tax	**(226,394)**	(79,396)
Notional tax at the applicable tax rate of 16.5% (2009: 16.5%)	**(37,355)**	(13,100)
Income not subject to tax	**(216)**	(88)
Expenses not deductible for tax purposes	**36,513**	13,115
(Overprovision)/Underprovision in prior years	**(270)**	35
Tax losses for which no deferred income tax asset was recognised	**1,960**	1,286
Utilisation of previously unrecognised tax losses	**(113)**	—
Effect of different tax rates of subsidiaries operating overseas	**(181)**	(640)
Income tax charge for the year	**338**	608

12. INCOME TAX EXPENSE *(continued)*

The tax charge relating to components of other comprehensive income is as follows:

	2010			2009		
	Before tax	**Tax charge**	**After tax**	Before tax	Tax charge	After tax
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Fair value gain:						
– Available-for-sale investments	**662,306**	**(171,119)**	**491,187**	180,491	(46,847)	133,644
Currency translation differences	**32,405**	**—**	**32,405**	(285)	—	(285)
Other comprehensive income	**694,711**	**(171,119)**	**523,592**	180,206	(46,847)	133,359
Deferred income tax *(note 32)*		**(171,119)**			(46,847)	

13. EXPENSES BY NATURE

	2010	2009
	HK$'000	*HK$'000*
Cost of inventories *(note 21)*	**9,893**	10,185
Amortisation of intangible asset (included in direct costs) *(note 20)*	**1,602**	1,602
Amortisation of mining right (included in direct costs)	**5,421**	6,349
Depreciation *(note 18)*	**15,770**	14,440
Auditor's remuneration	**1,753**	1,448
Staff costs *(note a)*	**66,228**	30,612
Operating lease rentals in respect of office premises	**5,540**	4,520
Motor vehicles rental charges	**22,591**	14,105
Fuel and oil	**11,262**	7,681
Toll charges	**4,860**	4,225
Equity-settled share-based compensation for consultant	**15,505**	—
Professional fees for takeover bids	**16,513**	—
Others *(note b)*	**26,409**	21,180
Total direct costs and selling and administrative expenses	**203,347**	116,347

13. EXPENSES BY NATURE *(continued)*

(a) Staff costs

	2010 *HK$'000*	2009 *HK$'000*
Directors' emoluments (including share-based compensation) *(note 14)*	26,717	1,904
Retirement benefit scheme contributions	2,358	1,361
Share-based compensation for employees	1,972	—
Other staff costs	35,181	27,347
	66,228	30,612

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

14. DIRECTORS AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to each of the five (2009: six) directors were as follows:

	Luk Kin Peter Joseph *HK$'000* *(Note 1)*	Chan Kam Kwan, Jason *HK$'000*	Yip Kwok Cheung, Danny *HK$'000* *(Note 1)*	Lau Kwok Kuen, Eddie *HK$'000*	Uwe Henke Von Parpart *HK$'000*	Wilton Timothy Carr Ingram *HK$'000* *(Note 2)*	Total *HK$'000*
2010							
Salaries and other benefits	1,300	650	–	–		–	1,950
Fees	–	–	144	144	144	–	432
Share-based compensation	22,555	598	394	394	394	–	24,335
	23,855	1,248	538	538	538	–	26,717
2009							
Salaries and other benefits	872	600	—	—	—	—	1,472
Fees	—	—	58	144	144	86	432
	872	600	58	144	144	86	1,904

Note:

1. Luk Kin Peter Joseph and Yip Kwok Cheung, Danny were appointed as directors on 16 February 2009 and 5 August 2009 respectively.

2. Wilton Timothy Carr Ingram resigned as director on 5 August 2009.

No director waived any emoluments during the years ended 31 December 2010 and 31 December 2009.

14. DIRECTORS AND EMPLOYEES' EMOLUMENTS *(continued)*

(b) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, two (2009: two) are directors of the Company whose emoluments are included in the disclosures in note 14(a) above. The emoluments of the remaining three (2009: three) individuals are as follows:

	2010	2009
	HK$'000	*HK$'000*
Salaries and other benefits	**3,117**	2,571
Contribution to retirement benefit scheme	**37**	36
Performance related incentive payments	**1,678**	812
Share-based compensation	**1,760**	—
	6,592	3,419

The emoluments of the remaining individuals fell within the following bands:

	Number of individuals	
	2010	2009
HK$500,001 — HK$1,000,000	**—**	2
HK$1,000,001 — HK$1,500,000	**1**	—
HK$1,500,001 — HK$2,000,000	**—**	1
HK$2,000,001 — HK$2,500,000	**1**	—
HK$3,000,001 — HK$3,500,000	**1**	—
	3	3

15. DIVIDEND

No dividend was paid or proposed during 2010, nor has any dividend been proposed since the balance sheet date (2009: nil).

16. LOSS PER SHARE

(a) Basic

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

	2010	2009
Loss attributable to equity holders of the Company *(HK$ thousands)*	**(210,644)**	(78,935)
Weighted average number of ordinary shares in issue *(thousands)*	**3,515,217**	2,293,827
Basic loss per share attributable to equity holders of the Company *(HK cents per share)*	**(5.99)**	(3.44)

(b) Diluted

Diluted loss per share is the same as basic loss per share for the years ended 31 December 2010 and 2009 because the effect of the assumed conversion of the convertible notes and share options of the Company during these years was anti-dilutive.

17. MINING RIGHT — GROUP

	2010 HK$'000	2009 HK$'000
Balance at 1 January	980,568	987,005
Amortisation for the year	(8,069)	(6,349)
Impairment loss *(Note 10)*	(153,000)	—
Exchange differences	31,117	(88)
Balance at 31 December	850,616	980,568

The mining right represents the right to conduct mining activities in 雲南省紅河洲綠春縣大馬尖山 Damajianshan, Honghe Zhou, Luchun County, Yunnan.

The mine is located on land in the PRC (the "Land") to which the Group has no formal title.

Yunnan State Land Resources Bureau issued the mining right certificate to Luchun Xingtai Mining Co., Ltd ("Luchun") in January 2005. The mining right certificate was renewed in 2007 for a period of five years to September 2012.

In the opinion of the Directors, the Group will be able to renew the mining right with the relevant government authorities continuously at minimal charges.

The mining right is amortised using the units of production method based on the proven and probable mineral reserves of 7,798,000 tonnes under the assumption that the Group can renew the mining right indefinitely till all proven and probable reserves have been mined.

The recoverable amount of the mining right is determined based on fair value less cost to sell calculations. The directors have taken into consideration of three valuation approaches to determine the recoverable amount of the mining right as at 31 December 2010. These approaches include prior sale approach, sales comparison approach and discounted cash flow. The recoverable amount of the mining right determined by directors approximates the carrying value of the mining right. Key assumptions adopted by management are summarised as follows:

Long-term copper price	US$6,390 per tonne
Discount rate	15.3%
Production capacity	300 tonnes to 3,000 tonnes per day

If the long-term copper price adopted in the valuation had been 1% lower, the recoverable amount would be reduced by approximately HK$9 million and further impairment loss of HK$9 million would be required. If the discount rate had been 25 basis points higher, the recoverable amount would be reduced by approximately HK$15 million and further impairment loss of HK$15 million would be required.

18. PROPERTY, PLANT AND EQUIPMENT — GROUP

	Leasehold improvements *HK$'000*	Buildings *HK$'000*	Plants, furniture, fixtures and equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Cost					
At 1 January 2009	1,187	12,505	18,685	61,012	93,389
Additions	158	–	437	9,820	10,415
Disposals	–	–	(5)	(1,496)	(1,501)
Exchange differences	–	(1)	(2)	5	2
At 31 December 2009	1,345	12,504	19,115	69,341	102,305
Additions	132	239	1,725	18,418	20,514
Disposals	(46)	–	(57)	(2,469)	(2,572)
Exchange differences	8	456	753	1,170	2,387
At 31 December 2010	1,439	13,199	21,536	86,460	122,634
Accumulated depreciation					
At 1 January 2009	124	148	717	6,376	7,365
Provided for the year	320	626	2,527	10,967	14,440
Disposals	–	–	(1)	(1,227)	(1,228)
Exchange differences	–	–	–	2	2
At 31 December 2009	444	774	3,243	16,118	20,579
Provided for the year	341	651	2,738	12,040	15,770
Disposals	(19)	–	(20)	(1,753)	(1,792)
Exchange differences	3	28	187	191	409
At 31 December 2010	769	1,453	6,148	26,596	34,966
Carrying values					
At 31 December 2010	670	11,746	15,388	59,864	87,668
At 31 December 2009	901	11,730	15,872	53,223	81,726
At 1 January 2009	1,063	12,357	17,968	54,636	86,024

At 31 December 2010, the Group pledged the motor vehicles with a carrying value of approximately HK$15,093,000 (31 December 2009: HK$23,438,000 and 1 January 2009: HK$30,612,000) to secure general banking facilities granted to a wholly-owned subsidiary of the Company.

The net book value of motor vehicles as at 31 December 2010 includes an amount of approximately HK$8,507,000 (31 December 2009: HK$5,921,000 and 1 January 2009: HK$5,655,000) in respect of assets held under finance leases.

19. GOODWILL AND IMPAIRMENT TESTING ON GOODWILL — GROUP

	2010	2009
	HK$'000	*HK$'000*
Cost		
Balance at 1 January and 31 December	**91,872**	91,872
Accumulated impairment loss		
Balance at 1 January	**80,467**	42,153
Impairment loss	**—**	38,314
Balance at 31 December	**80,467**	80,467
Carrying value		
Balance at 31 December	**11,405**	11,405

The goodwill arising on acquisition is attributable to the anticipated profitability of the Group in the business of limousine rental and airport shuttle bus services. For the purpose of impairment testing, goodwill has been allocated to the following cash generating units ("CGUs").

	31 December 2010	31 December 2009	1 January 2009
	HK$'000	*HK$'000*	*HK$'000*
Airport shuttle bus services in Hong Kong ("Unit A")	**10,621**	10,621	10,621
Limousine rental services in Hong Kong ("Unit B")	**784**	784	784
Limousine rental services in PRC ("Unit C")	**—**	—	38,314
	11,405	11,405	49,719

19. GOODWILL AND IMPAIRMENT TESTING ON GOODWILL — GROUP *(continued)*

The basis of the recoverable amounts of the above CGUs and their major underlying assumptions are summarised below:

Unit A

The recoverable amount of this unit was determined based on a value-in-use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period up to 2015 and extrapolates cash flow using zero growth rate. The management estimates the gross margin of approximately 35% and a discount rate of 11%. The key assumptions for the value-in-use calculation relating to the estimation of cash inflows/outflows are based on the unit's past performance and management estimation. If the budgeted gross margin used in the calculation had been 1% lower than management's estimates as at 31 December 2010, the recoverable amount of the CGU would be reduced by approximately HK$3,834,000 and no impairment loss would be recognised.

Unit B

The recoverable amount of this unit was determined based on a value-in-use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period up to 2015 and extrapolates cash flow using zero growth rate. The management estimates the gross margin ranging from 23% and a discount rate of 11%. Other key assumptions for the value-in-use calculation relating to the estimation of cash inflows/outflows are based on the unit's past performance and management estimation. If the budgeted gross margin used in the calculation had been 1% lower than management's estimates as at 31 December 2010, the recoverable amount of the CGU would be reduced by approximately HK$12,384,000 and no impairment loss would be recognised.

20. INTANGIBLE ASSET — GROUP

	2010 *HK$'000*	2009 *HK$'000*
Cost		
Balance at 1 January and 31 December	102,952	102,952
Amortisation and Impairment		
Balance at 1 January	90,133	88,531
Amortisation for the year *(Note 13)*	1,602	1,602
Impairment loss	—	—
Balance at 31 December	91,735	90,133
Carrying value		
Balance at 31 December	11,217	12,819

The intangible asset represents the customer base of Perryville Group, a wholly-owned subsidiary of the Company arising from the acquisition of Perryville Group in October 2007.

The intangible asset has a definite useful life and is amortised on a straight-line basis over its expected useful life of 10 years.

The recoverable amount of the intangible asset as at 31 December 2010 was determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering the remaining useful life of the underlying intangible asset and the management estimates a gross margin of 35% and 23% for limousine rental services in Hong Kong & airport shuttle bus services respectively. If the budgeted gross margin used in value-in-use calculation had been 1% lower than management's estimates at 31 December 2010, the recoverable amount of the intangible asset recognised would be decreased by HK$4,270,000 and no impairment loss would be recognised.

21. INVENTORIES — GROUP

	31 December 2010 HK$'000	31 December 2009 HK$'000	1 January 2009 HK$'000
Raw materials	3,618	2,550	2,516
Work in progress	613	297	290
Finished goods	8,168	1,897	4,985
Less: provision for inventories	(235)	(228)	(412)
	12,164	4,516	7,379

The cost of inventories recognised as expenses and included in direct costs amounted to approximately HK$9,893,000 for the year ended 31 December 2010 (2009: HK$10,185,000).

22. TRADE RECEIVABLES — GROUP

	31 December 2010 HK$'000	31 December 2009 HK$'000	1 January 2009 HK$'000
Trade receivables	30,386	21,566	12,356
Less: allowance for doubtful debts	(373)	(110)	(110)
Trade receivables — net	30,013	21,456	12,246

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. An aged analysis of the trade receivables, based on invoice date as at balance sheet date is as follows:

	31 December 2010 HK$'000	31 December 2009 HK$'000	1 January 2009 HK$'000
0-30 days	11,061	7,091	6,581
31-60 days	10,017	9,234	4,075
61-90 days	5,246	3,761	898
Over 90 days	4,062	1,480	802
	30,386	21,566	12,356

22. TRADE RECEIVABLES — GROUP *(continued)*

As at 31 December 2010, the Group's trade receivables of HK$8,935,000 (31 December 2009: HK$2,100,000 and 1 January 2009: HK$1,590,000) were past due at balance sheet date but not impaired. The directors considered that these relate to a number of customers for whom there is no recent history of default. The Group does not hold any collateral over these balances.

The aged analysis of these trade receivables is as follows:

	31 December 2010 *HK$'000*	31 December 2009 *HK$'000*	1 January 2009 *HK$'000*
61-90 days	**5,246**	730	898
Over 90 days	**3,689**	1,370	692
Total	**8,935**	2,100	1,590

Movements on the Group's allowance for doubtful debts are as follows:

	2010 *HK$'000*	2009 *HK$'000*
At 1 January	**110**	110
Provision for doubtful debts	**263**	—
At 31 December	**373**	110

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	31 December 2010 *HK$'000*	31 December 2009 *HK$'000*	1 January 2009 *HK$'000*
Hong Kong Dollar	**20,461**	16,533	10,506
Renminbi	**9,552**	4,923	1,740
	30,013	21,456	12,246

23. AVAILABLE-FOR-SALE INVESTMENTS — GROUP

	2010 *HK$'000*	2009 *HK$'000*
At 1 January	309,929	—
Additions	572,989	129,588
Disposals	—	(150)
Fair value gain recognised in equity	662,306	180,491
At 31 December	1,545,224	309,929
Listed investments:		
— Equity securities listed in Australia	1,545,224	309,929

The fair value of the equity securities is based on their current bid price in an active market. The amount is denominated in Australian Dollar.

As at 31 December 2010, the carrying amounts of interests in the following companies exceed 10% of the total assets of the Group.

Name	Place of incorporation	Principal activities	Particulars of issued share held	Interest held
Brockman Resources Limited ("BRM")	Australia	Acquisition, exploration and development of mineral tenements in Australia	32,347,405 ordinary shares	22.34%
FerrAus Limited ("FRS")	Australia	Acquisition, exploration and development of mineral tenements in Australia	40,934,400 ordinary shares	19.90%

23. AVAILABLE-FOR-SALE INVESTMENTS — GROUP *(continued)*

As at 31 December 2010, the Group held more than 20% but below 50% of equity interest of BRM. This investment is classified as available-for-sale, rather than as an investment in an associate, as the Group did not have significant influence over BRM. The Group's determination of no significant influence was based on the following factors:

— The Group did not have any representation on the BRM board;

— The Group did not gain access to the necessary books and records of BRM; and

— There was no transaction between the Group and BRM, no interchange of personnel between the two companies and no sharing of technical information.

On 10 November 2010, the Company lodged two takeover offers simultaneously to acquire all of the outstanding shares of BRM and FRS that the Company has not already owned through an all-scrip bid (the "Takeover Offers"). The respective bidder's statements were lodged and dispatched on 15 December 2010, marking the official commencement of the Takeover Offers. The Takeover Offers have not been completed as at 31 December 2010. Details and terms of the Takeover Offers can be found in the bidders' statements published available on the websites of SEHK and ASX.

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS — GROUP

	31 December 2010 *HK$'000*	31 December 2009 *HK$'000*	1 January 2009 *HK$'000*
Listed securities:			
— Equity securities listed in Hong Kong	**5,187**	3,397	2,894

The fair value of the equity securities is based on their current bid prices in an active market. The amount is denominated in Hong Kong dollar.

25. CASH AND CASH EQUIVALENTS — GROUP AND COMPANY

The bank balances earn interest at an average rate of 0.01% (31 December 2009 and 1 January 2009: 0.01%) per annum. Included in the bank balances and cash on the consolidated balance sheets were amounts in RMB of approximately HK$6,590,000 (31 December 2009: HK$4,625,000 and 1 January 2009: HK$5,534,000), which are not freely convertible into other currencies. There is no concentration of credit risk with respect to the bank balances, as the Group has placed deposits with a number of financial institutions.

26. RESTRICTED CASH

As at 31 December 2010 and 2009, the Group has a restricted cash balance of HK$5,200,000 (1 January 2009: nil) held in a specific bank account as security for a banking facility.

27. OTHER CURRENT FINANCIAL LIABILITIES — GROUP AND COMPANY

Trade payables, other payables and accrued charges for the Group and the Company comprise amounts outstanding for trade purposes and on-going costs.

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

	31 December 2010 *HK$'000*	31 December 2009 *HK$'000*	1 January 2009 *HK$'000*
0-30 days	**6,273**	5,056	2,696
31-60 days	**2,332**	1,126	1,629
61-90 days	**1,411**	478	1,810
Over 90 days	**2,334**	3,078	4,532
	12,350	9,738	10,667

28. BANK BORROWINGS — GROUP

	31 December 2010 *HK$'000*	31 December 2009 *HK$'000*	1 January 2009 *HK$'000*
Current			
Bank borrowings	**41,622**	39,258	30,131

As at 31 December 2010, bank borrowings of HK$22,622,000 (31 December 2009: HK$27,858,000 and 1 January 2009: HK$21,482,000), are secured by the motor vehicles as disclosed in note 18 and bank borrowings of HK$9,000,000 (31 December 2009: $11,400,000 and 1 January 2009: nil) are secured by bank deposits of HK$5,200,000 and a bank borrowing of HK$10,000,000 are secured by Company guarantee.

All the bank borrowings are dominated in Hong Kong dollar.

The bank borrowings carry interest at prevailing market interest rates in Hong Kong. The range of effective interest rates (which are equal to contractual interest rates) on the Group's bank borrowings is as follows:

	31 December 2010	31 December 2009	1 January 2009
Variable rate bank borrowings	**1.89% to 3.48%**	2.18% to 3.43%	3.40% to 6.00%

As at 31 December 2010, guarantees have been given to a bank by the Company and a related party of Perryville Group's former shareholder with no charge in respect of banking facilities extended to the Perryville Group amounting to approximately HK$75,200,000 and HK$38,000,000 respectively (31 December 2009: HKD63,200,000 and HK$50,000,000 respectively; 1 January 2009: HK$63,200,000 each).

29. OBLIGATIONS UNDER FINANCE LEASES — GROUP

The Group leases certain of its motor vehicles under finance leases. The lease term ranges from 3 to 4 years. Interest rates underlying all obligations under finance leases are fixed and the effective interest rate is 2.51% per annum (31 December 2009: 2.44%; 1 January 2009: 2.38%). No arrangements have been entered into for contingent rental payments.

Amounts payable under finance leases

	Minimum lease payments			Present value of minimum lease payments		
	31 December 2010	31 December 2009	1 January 2009	**31 December 2010**	31 December 2009	1 January 2009
	HK$'000	*HK$'000*	*HK$'000*	***HK$'000***	*HK$'000*	*HK$'000*
Within 1 year	**2,167**	2,099	1,927	**1,951**	1,965	1,739
Between 1 and 2 years	**1,515**	890	1,763	**1,395**	849	1,682
Between 2 and 5 years	**1,532**	335	555	**1,465**	319	548
	5,214	3,324	4,245	**4,811**	3,133	3,969
Less: Finance charges	**(403)**	(191)	(276)	**–**	–	–
Present value of lease obligation	**4,811**	3,133	3,969	**4,811**	3,133	3,969
Less: Amount due for settlement within 12 months (shown under current liabilities)				**(1,951)**	(1,965)	(1,739)
Amount due for settlement after 12 months				**2,860**	1,168	2,230

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

30. SHARE CAPITAL — GROUP AND COMPANY

	Number of shares		Share capital	
	2010	2009	**2010**	2009
	'000	*'000*	***HK$'000***	*HK$'000*
Ordinary shares of HK$0.10 each				
Authorised				
At 1 January	**4,000,000**	4,000,000	**400,000**	400,000
Increase during the year *(note g)*	**6,000,000**	—	**600,000**	—
At 31 December	**10,000,000**	4,000,000	**1,000,000**	400,000
Issued and fully paid				
At 1 January	**2,782,258**	1,515,342	**278,226**	151,534
Placing of new shares *(note a, c, e, f and h)*	**712,000**	111,500	**71,200**	11,150
Conversion of convertible notes *(note b and d)*	**428,177**	1,155,416	**42,818**	115,542
At 31 December	**3,922,435**	2,782,258	**392,244**	278,226

Notes:

(a) Pursuant to a placing and subscription agreement executed on 17 June 2009, a total of 111,500,000 ordinary shares were issued at an issue price of HK$0.90 per share, raising net proceeds of approximately HK$99.1 million.

(b) During the year of 2009, convertible notes of aggregate principal amount of HK$49,650,000 were converted into ordinary shares of HK$0.10 each of the Company at the conversion price of HK$0.405 per share. Accordingly, a total of approximately 122,592,000 ordinary shares were issued.

During the year of 2009, convertible notes of aggregate principal amount of HK$309,847,000 were converted into ordinary shares of HK$0.10 each of the Company at the conversion price of HK$0.30 per share. Accordingly, a total of approximately 1,032,824,000 ordinary share were issued.

(c) Pursuant to a subscription agreement executed on 9 February 2010, a total of 334,000,000 ordinary shares were issued at an issue price of HK$0.90 per share, raising net proceeds of approximately HK$297 million. The new shares rank pari passu in all respects with the existing shares.

(d) In April 2010, convertible notes of aggregate principle amount of HK$124,171,400 were converted into ordinary shares of HK$0.10 each of the Company at the conversion price of HK$0.29 per share. Accordingly, a total of 428,177,241 ordinary shares were issued.

(e) Pursuant to a placing and subscription agreement executed on 17 June 2010, a total of 185,000,000 ordinary shares were issued at an issue price of HK$1.11 per share, raising net proceeds of approximately HK$199 million. The new shares rank pari passu in all respects with the existing shares.

30. SHARE CAPITAL — GROUP AND COMPANY *(continued)*

Notes: (continued)

(f) Pursuant to a subscription agreement executed on 17 September 2010, a total of 178,000,000 ordinary shares were issued at an issue price of HK$1.15 per share, raising net proceeds of approximately HK$200 million. The new shares rank pari passu in all respects with the existing shares.

(g) Pursuant to shareholders' approval at the Special General Meeting held on 13 December 2010, the authorised share capital of the Company has been increased from 4,000,000,000 ordinary shares of HK$0.10 each to 10,000,000,000 ordinary shares of HK$0.10 each.

(h) Pursuant to a subscription on 29 December 2010, a total of 15,000,000 ordinary shares were issued at an issue price of AU$0.20 per share, raising net proceeds of approximately HK$19 million. The new shares rank pari passu in all respects with the existing shares.

31. CONVERTIBLE NOTES — GROUP AND COMPANY

Convertible note I

On 13 June 2007, the Company entered into a Sale and Purchase Agreement (the "S&P Agreement") with Parklane International Holdings limited ("Parklane"). Pursuant to the S&P Agreement, the Company conditionally agreed to acquire and Parklane conditionally agreed to sell the entire interests in Perryville Group. The consideration for the acquisition was HK$170 million of which HK$50 million was settled by cash and HK$120 million was settled by issue of convertible notes. The acquisition was completed on 22 October 2007.

The convertible notes entitle the holders to convert them, in whole or in part, into ordinary shares of the Company at any time between the date of issue of the convertible notes and their maturity on 22 October 2012 at the conversion price of HK$0.42 per share subject to anti-dilutive adjustments. On 10 September 2008, the conversion price of the convertible note has been adjusted from HK$0.42 per Share to HK$0.405 per Share as a result of the completion of the placing. If the convertible notes have not been converted, they will be redeemed on 22 October 2012 at par. Interest of 2% will be paid annually up to the maturity date.

The effective interest rate of the convertible notes is 10.2% per annum.

In May 2009, the holder of the convertible notes of the Company has converted the remaining HK$49,650,000 convertible notes into approximately 122,592,000 new ordinary shares of the Company. There was no Convertible note I outstanding as at 31 December 2009 and 31 December 2010.

31. CONVERTIBLE NOTES — GROUP AND COMPANY *(continued)*

Convertible note II

On 30 January 2008, the Company entered into a sale and purchase agreement pursuant to which the Company conditionally agreed to acquire and the vendors conditionally agreed to dispose of the entire issued share capital of Smart Year Investment Limited, a company which legally and beneficially owns a 90% equity interest in Luchun, for a total consideration of HK$650,000,000, Subject to the supplemental deed, dated 27 June 2008, the total consideration has been amended and satisfied (i) as to HK$119,800,000 in cash; (ii) as to HK$94,700,000 by the issue of the consideration shares by the Company to the vendors at the issue price; and (iii) as to HK$435,500,000 by the issue of the convertible notes to the vendors. Details of the acquisition were disclosed in the circular of the Company dated 30 June 2008. Luchun is principally engaged in exploitation, processing and sale of copper, lead, zinc, arsenic, silver and other mineral resources, and has been granted the exploitation rights relating to a copper mine in Luchun County, Yunnan Province, the PRC. The acquisition has been completed on 19 September 2008.

The convertible notes entitle the holders to convert them, in whole or in part, into ordinary shares of the Company at any time between the date of issue of the convertible notes and their maturity on 19 September 2013 at the conversion price of HK$0.30 per share subject to anti-dilutive adjustments. On 8 February 2010, the conversion price of the convertible notes has been adjusted from HK$0.30 per share to HK$0.29 per share as a result of the completion of a placing. If the convertible notes have not been converted, they will be redeemed on 19 September 2013 at par. No interest will be paid up to the maturity date. The Company does not have the right to redeem the convertible notes prior to 19 September 2013.

The effective interest rate of the convertible notes is 14.9% per annum.

During the year, the holders of the convertible notes of the Company have converted the remaining HK$124.17 million (2009: HK$309.85 million) convertible notes into 428,177,000 (2009: 1,032,824,000) new ordinary shares of the Company. There was no Convertible note II outstanding as at 31 December 2010.

The convertible notes contain two components, liability and equity elements. The fair value of the liability component included in non-current liabilities was calculated using a market interest rate for the equivalent non-convertible loans. The residual amount, representing the value of the equity conversion option, is included in shareholders' equity in the convertible notes reserve.

31. CONVERTIBLE NOTES — GROUP AND COMPANY *(continued)*

Convertible note II *(continued)*

The movement of the liability component of the convertible notes for the year is set out below:

	2010 *HK$'000*	2009 *HK$'000*
Carrying amount at 1 January	74,119	262,828
Interest expenses *(note 11)*	2,582	19,679
Interest paid	—	(394)
Conversion of convertible notes	(76,701)	(207,994)
Carrying amount at 31 December	—	74,119

32. DEFERRED INCOME TAX — GROUP

The following is the major deferred income tax assets/(liabilities) recognised by the Group and movements thereon during the current and prior year:

	Tax losses *HK$'000*	Accelerated tax depreciation *HK$'000*	Fair value gain on available-for-sale investments *HK$'000*	Intangible asset *HK$'000*	Total *HK$'000*
At 1 January 2009	966	(4,919)	—	(2,379)	(6,332)
(Charged)/credited to consolidated income statement for the year	(629)	807	—	264	442
Charged directly to equity	—	—	(46,847)	—	(46,847)
At 31 December 2009	337	(4,112)	(46,847)	(2,115)	(52,737)
(Charged)/credited to consolidated income statement for the year	(337)	430	—	264	357
Charged directly to equity	—	—	(171,119)	—	(171,119)
At 31 December 2010	—	(3,682)	(217,966)	(1,851)	(223,499)

32. DEFERRED INCOME TAX — GROUP *(continued)*

For the purpose of balance sheet presentation, certain deferred income tax assets and liabilities have been offset. The following is the analysis of the deferred income tax balances for financial reporting purposes:

	31 December 2010 *HK$'000*	31 December 2009 *HK$'000*	1 January 2009 *HK$'000*
Deferred income tax assets	**–**	337	966
Deferred income tax liabilities	**(223,499)**	(53,074)	(7,298)
	(223,499)	(52,737)	(6,332)

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets in respect of losses amounting to approximately HK$33 million (2009: HK$23 million) that can be carried forward against future taxable income. Losses amounting to approximately HK$26 million (2009: HK$23 million) will expire in three to five years from 31 December 2010.

33. PROVISION FOR RESTORATION COSTS — GROUP

	2010 *HK$'000*	2009 *HK$'000*
Balance at 1 January	**472**	472
Exchange differences	**17**	–
Balance at 31 December	**489**	472

In accordance with relevant PRC rules and regulations, the Group is obliged to accrue the cost for land restoration for the existing mine starting from 2007. The provision for restoration cost represents the estimation of its liability for land restoration by the directors of the Company.

34. SHARE OPTION SCHEME

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 for the primary purpose of providing incentives or rewards to selected participants for their contribution to the Group. The Share Option Scheme is valid and effective for a period of ten years after the date of its adoption. Under the Share Option Scheme, the board of directors of the Company may grant options to eligible participants including employees, executives or officers and directors (including executive and non-executive directors) of the Company or any of its subsidiaries, and any suppliers, consultants and advisers who will contribute or have contributed to the Group to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 10% of the shares of the Company on the adoption date of the Share Option Scheme unless prior approval from the Company's shareholders in general meeting has been obtained. The number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the shares in issue from time to time. The total number of shares in respect of which options may be granted to any eligible participant in any twelve-month period is not permitted to exceed 1% of the shares of the Company in issue at any point in time, unless prior approval from the Company's shareholders in general meeting has been obtained. Options granted to substantial shareholder or an independent non-executive Director of the Company in excess of 0.1% of the Company's share in issue and with a value in excess of HK$5 million must be approved in advance by the Company's shareholders in general meeting.

There is no general requirement that an option must be held to any minimum period before it can be exercised but the board of directors is empowered to impose at its discretion any such minimum period at the time of grant of any particular option. Options offered must be taken up not later than 28 days after the date of offer. A non-refundable remittance of HK$1 is payable as consideration by the grantee upon acceptance of every grant of option under the Share Option Scheme. The period during which an option may be exercised will be determined by the board of directors at its absolute discretion, save that such period of time shall not exceed a period of ten years commencing on the date which the option is granted. The exercise price is determined by the board of directors of the Company, and will not be less than the highest of (i) the closing price of the share on the SEHK's daily quotation sheet on the date of offer (ii) the average closing price of the shares on the SEHK's daily quotation sheet for the five business days immediately preceding the date of offer and (iii) the nominal value of a share of the Company.

34. SHARE OPTION SCHEME *(continued)*

The fair value of the share options granted 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. The impact of the revision to original estimates, if any, is recognised in profit and loss, with a corresponding adjustment to equity.

During the period between 1 January 2009 and 31 December 2009, no option has been granted since the adoption of the Share Option Scheme.

On 18 January 2010, 11 February 2010 and 11 November 2010, the Company granted 9,000,000, 27,000,000 and 39,000,000 share options to the eligible persons including the directors, at the exercise price of HK$1.164 per share, HK$1.24 per share and HK$2.00 per share respectively. Each share option gives the holder the right to subscribe one ordinary share of the Company. None of the options has been exercised or cancelled during the year.

Details of specific categories of options are as follows:

Option type	Date of grant	Vesting period	Number of share options	Exercise period	Exercise price *(HK$)*
2010A	18 January 2010	18 January 2010 — 17 January 2011	4,500,000	18 January 2011 — 17 January 2014	1.164
	18 January 2010	18 January 2010 — 17 January 2012	2,250,000	18 January 2012 — 17 January 2014	1.164
	18 January 2010	18 January 2010 — 17 January 2013	2,250,000	18 January 2013 — 17 January 2014	1.164
2010B	11 February 2010	11 February 2010 — 10 February 2011	27,000,000	11 February 2011 — 10 February 2014	1.240
2010C	11 November 2010	Immediate	39,000,000	11 November 2010 — 10 November 2013	2.000

34. SHARE OPTION SCHEME *(continued)*

The following discloses movements of the Company's share options during the year:

	Option type	Outstanding at 1 January 2010	Granted during year	Outstanding at 31 December 2010
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

These fair values were calculated using the Binomial model by an independent valuer, Vigers Appraisal & Consulting Limited. The factors considered in the valuation included the terms and structure of the share option schemes, price and volatility of company in similar industry and any other relevant information in relation to the share options such as dividend policy and expected exercise pattern of the share options. The inputs into the model were as follows:

	2010A	2010B	2010C
Exercise price	HK$1.164	HK$1.24	HK$2.00
Expected volatility	83%	82%	55%
Expected option life	4 years	4 years	3 years
Risk-free rate	1.46%	1.502%	0.570%
Expected dividend yield	0%	0%	0%

Total expense of HK$41,812,000 was recognised for the year ended 31 December 2010 in relation to share options granted by the Company.

As at the date of this report, the total number of shares available for issue under the share option scheme is 315,443,548 shares which represents 8.04% of the issued share capital of the Company.

35. CONTINGENCIES AND COMMITMENTS — GROUP

(a) Contingencies

During 2010, the Group had engaged professional advisers for the Takeover Offers who charge part of their advisory fees contingent on the outcome of the Takeover Offers (including the acceptance level of the offers). As the Takeover Offers are still in progress, the Group is unable to determine the amount of such contingent advisory fees at this stage.

(b) Operating lease commitments

At the balance sheet date, 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:

	31 December 2010	31 December 2009	1 January 2009
	HK$'000	*HK$'000*	*HK$'000*
Not later than 1 year	**4,926**	2,226	3,221
Later than 1 year and no later than 5 years	**1,654**	622	1,199
Later than 5 years	**—**	—	8
	6,580	2,848	4,428

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

(c) Capital commitments

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

	31 December 2010	31 December 2009	1 January 2009
	HK$'000	*HK$'000*	*HK$'000*
Property, plant and equipment			
Contracted but not provided for	**8,152**	5,925	5,229

36. MAJOR NON-CASH TRANSACTIONS — GROUP

Save as disclosed in Note 31 to the consolidated financial statements, there was no other major non-cash transaction during the years ended 31 December 2010 and 2009.

37. RETIREMENT BENEFITS SCHEMES — GROUP

The Group operates a defined contribution retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for its employees in Hong Kong. The Group contribute 5% of the employees' basic salaries to the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund.

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefits scheme operated by the PRC government. The PRC subsidiaries are required to contribute an average 23% of payroll costs to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The total cost charged to the consolidated income statement of approximately HK$2,358,000 (2009: HK$1,361,000) represents contributions to these schemes by the Group in respect of the current accounting period.

38. RELATED PARTY TRANSACTIONS — GROUP

In addition to the transactions and balances disclosed elsewhere in these consolidated financial statements, the following transactions were carried out with related parties:

(a) Year-end balance

The amounts due from/to related parties and the amounts due to directors 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 non-current liability is unsecured, interest-free and is not repayable within the next twelve months from the balance sheet date.

38. RELATED PARTY TRANSACTIONS — GROUP *(continued)*

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2010 *HK$'000*	2009 *HK$'000*
Short-term employee benefits	7,588	5,323
Share-based compensation	26,095	—
	33,683	5,323

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

39. INTERESTS IN SUBSIDIARIES — COMPANY

	2010 *HK$'000*	2009 *HK$'000*
Investments in subsidiaries		
Unlisted shares, at cost	202,419	202,419
Less: provision for impairment	(134,665)	(111,374)
	67,754	91,045
Amounts due from subsidiaries		
Amounts due from subsidiaries	1,790,462	1,211,521
Less: provisions for impairment	(318,895)	(189,544)
	1,471,567	1,021,977
Less: current portion	(14,053)	(11,973)
Non-current portion	1,457,514	1,010,004

39. INTERESTS IN SUBSIDIARIES — COMPANY *(continued)*

The amounts due from subsidiaries included under non-current portion are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the directors of the Company, these balances are considered as quasi-equity loans to the subsidiaries.

The amounts due from subsidiaries included under current portion are unsecured, interest free and expected to be settled within one year.

Details of the principal subsidiaries held by the Company as at 31 December 2010, except otherwise specified, are as follows:

Name of subsidiary	Country/place of incorporation or establishment	Place of operation	Issued and fully paid share/ registered capital	Proportion ownership interest held by the Company		Proportion of voting power held by the Company	Principal activities
				Directly	Indirectly		
Perryville Group Limited	BVI	Hong Kong	US$50,000	100%	–	100%	Investment holding
Parklane Limousine Service Limited *(note a)*	Hong Kong	Hong Kong	HK$5,000,000	–	100%	100%	Limousine rental services
Airport Shuttle Services Limited *(note a)*	Hong Kong	Hong Kong	HK$10,000	–	100%	100%	Airport shuttle bus services
Golden Genie Limited	BVI	Hong Kong	US$1	100%	–	100%	Investment holding
Smart Year Investments Limited	BVI	Hong Kong	US$10,000	–	100%	100%	Investment holding
綠春鑫泰礦業有限公司 Luchun Xingtai Mining Company Limited#	PRC	PRC	RMB20,000,000	–	90%	90%	Exploitation, processing and sales of copper ore concentrate
Wah Nam International (HK) Limited	Hong Kong	Hong Kong	HK$1	100%	–	100%	Investment holding
Wah Nam Iron Ore Limited (Formerly known as Race Master Limited)	BVI	Hong Kong	US$1	100%	–	100%	Investment holding
Wah Nam International Australia Pty Limited	Australia	Australia	AU$12	–	100%	100%	Investment holding

39. INTERESTS IN SUBSIDIARIES — COMPANY *(continued)*

Name of subsidiary	Country/place of incorporation or establishment	Place of operation	Issued and fully paid share/ registered capital	Proportion ownership interest held by the Company		Proportion of voting power held by the Company	Principal activities
				Directly	Indirectly		
廣州市百聯汽車租賃有限公司 Guangzhou Parklane Limousine Service Ltd#	PRC	PRC	RMB5,000,000	–	100%	100%	Limousine rental services
廣州市栢寧信息咨詢有限公司 Guangzhou Parklane Consultancy Ltd#	PRC	PRC	HKD2,000,000	–	100%	100%	Investment holding
百聯汽車租賃(深圳)有限公司 Parklane Limousine Service (Shenzhen) Ltd#	PRC	PRC	HKD5,000,000	–	100%	100%	Limousine rental services
北京百聯汽車租賃有限公司 Beijing Parklane Limousine Service Ltd#	PRC	PRC	RMB1,000,000	–	100%	100%	Limousine rental service
威信汽車租賃(上海)有限公司 Parklane Limousine Service (Shanghai) Ltd#	PRC	PRC	US$2,749,941	–	100%	100%	Limousine rental service

Notes:

(a) The subsidiaries have accounting year end date of 31 March. These subsidiaries prepare, for the purpose of consolidation, financial statements as at the same date as the Group.

The English name is for identification purpose only.

None of the subsidiaries had any debt securities outstanding at the end of the year or any time during the year.

In the opinion of the directors, a complete list of the particulars of subsidiaries will be of excessive length and therefore the above list contains only the particulars of those subsidiaries which principally affect the results or net assets of the Group.

40. RESERVES — COMPANY

	Share premium HK$'000	Convertible notes reserve HK$'000	Share-based compensation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance at 1 January 2009	340,473	587,450	–	(318,103)	609,820
Comprehensive income:					
Loss for the year	–	–	–	(30,849)	(30,849)
Transactions with equity holders:					
Issue of shares *(Note 30)*	89,200	–	–	–	89,200
Transaction costs attributable to issue of shares *(Note 30)*	(1,173)	–	–	–	(1,173)
Issue of shares upon conversion of convertible notes *(Note 31)*	525,145	(432,693)	–	–	92,452
Total transactions with equity holders	613,172	(432,693)	–	–	180,479
At 31 December 2009	953,645	154,757	–	(348,952)	759,450
Comprehensive income:					
Loss for the year	–	–	–	(217,878)	(217,878)
Transactions with equity holders:					
Issue of shares *(Note 30)*	663,150	–	–	–	663,150
Transaction costs attributable to issue of shares *(Note 30)*	(18,391)	–	–	–	(18,391)
Issue of shares upon conversion of convertible notes *(Note 31)*	188,640	(154,757)		–	33,883
Share-based compensation *(Note 34)*	–	–	41,812	–	41,812
Total transactions with equity holders	833,399	(154,757)	41,812	–	720,454
At 31 December 2010	1,787,044	–	41,812	(566,830)	1,262,026

41. LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The loss attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of a loss of approximately HK$217,878,000 (2009: HK$30,849,000).

FINANCIAL SUMMARY

	The Group				
	2010	2009	2008	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
RESULTS					
Revenue	**131,996**	95,374	142,222	25,380	15,213
(Loss)/profit before income tax	**(226,394)**	(79,396)	(291,180)	(5,329)	5,011
Income tax (expense)/credit	**(338)**	(608)	8,718	(700)	(1,142)
(Loss)/profit for the year	**(226,732)**	(80,004)	(282,462)	(6,029)	3,869
Attributable to:					
Equity holders of the Company	**(210,644)**	(78,935)	(296,660)	(5,243)	1,000
Non-controlling interest	**(16,088)**	(1,069)	14,198	(786)	2,869
	(226,732)	(80,004)	(282,462)	(6,029)	3,869
(Loss)/earnings per share					
— Basic *(HK cents)*	**(5.99)**	(3.44)	(28.06)	(0.77)	0.17
— Diluted *(HK cents)*	**(5.99)**	(3.44)	N/A	N/A	N/A

	As at 31 December				
	2010	2009	2008	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS AND LIABILITIES					
Total assets	**2,715,481**	1,465,620	1,237,562	442,375	144,708
Total liabilities	**(365,568)**	(247,039)	(379,507)	(156,188)	(3,297)
	2,349,913	1,218,581	858,055	286,187	141,411
Equity attributable to equity holders of the Company	**2,267,615**	1,123,156	761,552	208,309	60,175
Non-controlling interest	**82,298**	95,425	96,503	77,878	81,236
Total equity	**2,349,913**	1,218,581	858,055	286,187	141,411

ASX ADDITIONAL INFORMATION

The shareholder information set out below was applicable as at 28 February 2011.

A. DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of equity security holders by size holding:

Range of Share	Number of Shareholders	Number of Options holders
1 — 1,000	776	0
1,001 — 5,000	248	0
5,001 — 10,000	115	73
10,001 — 100,000	302	177
100,001 and over	137	17
Total	1,578	267

	Holders	Units
Less than marketable parcel	940	498,475

B. EQUITY SECURITY HOLDERS

Twenty largest quoted equity security holders

The names of the 20 largest holders of quoted equity securities are listed below:

Name	Number of shares	Percentage %
SUN HUNG KAI INVESTMENT SERVICES LTD	440,982,989	11.24%
LEADING HIGHWAY LIMITED	438,500,000	11.18%
SHIMMER EXPERT INVESTMENTS LIMITED	279,548,000	7.13%
THE HONGKONG AND SHANGHAI BANKING	258,207,700	6.58%
VILLAS GREEN INVESTMENTS LIMITED	257,760,000	6.57%
VC BROKERAGE LTD	239,914,165	6.12%
SMARTPATH INVESTMENTS LIMITED	204,752,000	5.22%
DEUTSCHE BANK AG	159,500,000	4.07%
TOP ABLE INVESTMENTS LIMITED	128,452,000	3.27%
BOCI SECURITIES LTD	119,670,840	3.05%
STANDARD CHARTERED BANK (HONG KONG) LTD	103,912,207	2.65%
PRIDEFUL FUTURE INVESTMENTS LIMITED	103,448,276	2.64%
KINGSTON SECURITIES LTD	100,035,000	2.55%
EQUITY VALLEY INVESTMENTS LIMITED	94,580,000	2.41%

Name	Number of shares	Percentage %
WANDER PROFITS INVESTMENTS LIMITED	86,668,000	2.21%
DBS VICKERS (HONG KONG) LTD	69,932,728	1.78%
TOP RESPECT HOLDINGS LIMITED	64,152,000	1.64%
PARKLANE INTERNATIONAL HOLDINGS LIMITED	59,592,592	1.52%
TRADEWIN INTERNATIONAL LIMITED	49,332,000	1.26%
ICBC (ASIA) SECURITIES LTD	46,612,560	1.19%
Total	**3,305,553,057**	**84.27%**

As at 28 February 2011, a total of 15,000,000 units of options were quoted and listed, expiring 30 September 2014.

Unlisted options over ordinary shares

	Number on issue	Number of holders
Options@HK$1.164, expiring 17 Jan 2014	4,500,000	7
Options@HK$1.164, expiring 17 Jan 2014	2,250,000	7
Options@HK$1.164, expiring 17 Jan 2014	2,250,000	7
Options@HK$1.24, expiring 10 Feb 2014	27,000,000	2
Options@HK$2.0, expiring 10 Nov 2013	39,000,000	1

C. SUBSTANTIAL HOLDERS

	Number of shares held	Percentage %
Leading Highway Limited	438,500,000	11.18%
Shimmer Expert Investments Limited	279,548,000	7.13%
Villas Green Investments Limited	257,760,000	6.57%
Smartpath Investments Limited	204,752,000	5.22%
Cheung Sze Wai, Catherine	199,456,276	5.09%

ASX ADDITIONAL INFORMATION

D. VOTING RIGHTS

The voting rights attaching to each class of equity securities are set out below:

a) Ordinary shares

Subject to any other special rights or restrictions in accordance to the Bye-laws of the Company or the relevant listing rules, at any general meeting, each shareholder present in person, or by proxy or by duly appointed representatives (as the case may be), shall have one vote for each fully paid share held by such shareholder.

b) Options

No voting rights.

Securities Exchange

The Company is dually listed on the ASX and the SEHK. The home exchange is in Hong Kong.

Other information

Wah Nam International Holdings Limited, incorporated in Bermuda, is a publicly listed company limited by shares listed on the ASX and the SEHK. The Company is not required to comply with Chapters 6, 6A, 6B and 6C Corporations Act dealing with the acquisition of shares. There are no limitations on the acquisition of securities imposed by Bermuda Law.