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# **WAH NAM INTERNATIONAL HOLDINGS LIMITED**

**華南投資控股有限公司\***

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 0159)**

**(1) PLACING OF NEW SHARES UNDER GENERAL MANDATE  
ON A FULLY UNDERWRITTEN BASIS**

**(2) PLACING OF NEW SHARES UNDER GENERAL MANDATE  
ON A BEST EFFORT BASIS**

**AND**

**(3) RESUMPTION OF TRADING**

**Placing Agent**



**KINGSTON SECURITIES LIMITED**

The Company and the Placing Agent entered into the Placing Agreements in the morning on 16th October, 2007, whereby the Company has conditionally agreed to place, through the Placing Agent (i) under the Tranche I Placing on a fully underwritten basis of 71,000,000 Placing Shares to independent investors at a price of HK\$0.54 per Placing Share and (ii) under the Tranche II Placing on a best effort basis a maximum of 71,000,000 Placing Shares to independent investors at a price of HK\$0.54 per Placing Share.

The 71,000,000 Placing Shares under Tranche I Placing represent (i) approximately 9.95% of the existing issued share capital of the Company of 713,737,652 Shares; (ii) approximately 9.05% of the Company's issued share capital of 784,737,652 Shares as enlarged by completion of the Tranche I Placing; and (iii) approximately 8.30% of the Company's issued share capital of 855,737,652 Shares as enlarged by completion of the Placings.

The 71,000,000 Placing Shares under Tranche II Placing represent (i) approximately 9.95% of the existing issued share capital of the Company of 713,737,652 Shares; (ii) approximately 9.05% of the Company's issued share capital of 784,737,652 Shares as enlarged by completion of the Tranche II Placing; and (iii) approximately 8.30% of the Company's issued share capital of 855,737,652 Shares as enlarged by completion of the Placings.

The aggregate of 142,000,000 Placing Shares represent (i) approximately 19.90% of the existing issued share capital of the Company of 713,737,652 Shares; and (ii) approximately 16.59% of the Company's issued share capital of 855,737,652 Shares as enlarged by completion of the Placings.

The net proceeds from the Tranche I Placing will be approximately HK\$37 million, which are intended to be used for part consideration for the Acquisition and general working capital, and those from the Tranche II Placing will be approximately HK\$37 million, which will be used as general working capital.

An announcement will be made if there is any change in the proposed use of proceeds in compliance with the Listing Rules, if required.

The Tranche I Placing and the Tranche II Placing are conditional upon, among other things, the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Tranche I Placing Shares and the Tranche II Placing Shares respectively.

**The Tranche I Placing and the Tranche II Placing are not inter-conditional.**

**Completion of Tranche I Placing and Tranche II Placing are subject to the satisfaction of the conditions precedent in the Tranche I Placing Agreement and the Tranche II Placing Agreement respectively.**

**As the Tranche I Placing and/or the Tranche II Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 16th October, 2007 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 2:30 p.m. on 17th October, 2007.

The Company and the Placing Agent entered into the Placing Agreements in the morning on 16th October, 2007. Set out below are the details of the Placing Agreements.

## **THE TRANCHE I PLACING AGREEMENT**

### **Date**

16th October, 2007

### **Issuer**

The Company

## **Placing Agent**

The Placing Agent has conditionally agreed to place 71,000,000 Placing Shares on a fully underwritten basis and will receive a placing commission of 2.5% on the gross proceeds of the Tranche I Placing. The placing commission was determined by reference to the range of market norms for commissions for this type of transaction. The Directors (including the independent non-executive Directors) are of the view that the placing commission is fair and reasonable. The Placing Agent and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

## **Placees**

The Placing Agent agreed to place the Tranche I Placing Shares on a fully underwritten basis to not fewer than six Placees who and whose ultimate beneficial owners will be independent of and not be connected persons (as defined in the Listing Rules) of the Company and its connected persons (as defined in the Listing Rules). None of the individual Placee will become a substantial Shareholder (as defined in the Listing Rules) immediately after the Tranche I Placing nor will any new substantial/controlling shareholders be introduced after the Placings.

## **Tranche I Placing Shares**

The 71,000,000 Tranche I Placing Shares represent (i) approximately 9.95% of the existing issued share capital of the Company of 713,737,652 Shares; (ii) approximately 9.05 % of the Company's issued share capital of 784,737,652 Shares as enlarged by completion of the Tranche I Placing; and (iii) approximately 8.30% of the Company's issued share capital of 855,737,652 Shares as enlarged by completion of the Placings.

## **Ranking of Tranche I Placing Shares**

The Tranche I Placing Shares will rank, upon issue, pari passu in all respects with the Shares in issue on the date of allotment and issue of the Tranche I Placing Shares.

## **Placing Price**

The Placing Price of HK\$0.54 represents:

- (i) a discount of approximately 10% to the closing price of HK\$0.60 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 14.29% to the average closing price per Share of HK\$0.63 in the last five consecutive trading days up to and including the Last Trading Day; and
- (iii) a discount of approximately 17.93% to the average closing price per Share of HK\$0.658 in the last ten consecutive trading days up to and including the Last Trading Day.

The Placing Price was determined with reference to the prevailing market price of the Share and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors (including the independent non-executive Directors) consider that the terms of the Tranche I Placing are on normal commercial terms and are fair and reasonable based on the current bullish market conditions and in the interests of the Company and the Shareholders as a whole.

### **General Mandate**

The Tranche I Placing Shares will be issued under the General Mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the special general meeting held on 18th September, 2007 subject to the limit up to 20% of the then issued share capital of the Company as at the date of the special general meeting. Under the General Mandate, the Company is authorized to issue 142,747,530 Shares. Up to the date of this announcement, none of the new Shares has been issued under the General Mandate and the Company is allowed to issue up to 142,747,530 Shares.

### **Conditions of the Tranche I Placing**

Completion of the Tranche I Placing is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Tranche I Placing Shares; and
- (ii) the obligations of the Placing Agent under the Tranche I Placing Agreement becoming unconditional and not being terminated in accordance with the terms of the Tranche I Placing Agreement, including provisions regarding force majeure event.

The completion of the Tranche I Placing is not subject to the completion of the Tranche II Placing and the completion of the Tranche II Placing is also not subject to the completion of the Tranche I Placing.

### **Termination and force majeure**

**The Tranche I Placing Agreement may be terminated by the Placing Agent if at any time at or before 10:00 a.m. on the date of completion of the Tranche I Placing Agreement, there occurs:**

- (i) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or**
- (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Tranche I Placing Agreement) of a political, military, financial, economic,**

**currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the Tranche I Placing by potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Tranche I Placing; or**

**(iii) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which affect the success of the Tranche I Placing (such success being the Tranche I Placing to potential investor(s)) or otherwise in the reasonable opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Tranche I Placing.**

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

### **Completion of the Tranche I Placing**

The conditions set out in the Tranche I Placing Agreement are expected to be fulfilled on or before 31st December, 2007 or such later date as may be agreed by the Company and the Placing Agent and the completion of the Tranche I Placing will take place within four business days after the Tranche I Placing Agreement becomes unconditional.

**As the Tranche I Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **THE TRANCHE II PLACING AGREEMENT**

### **Date**

16th October, 2007

### **Issuer**

The Company

### **Placing Agent**

The Placing Agent has conditionally agreed to place a maximum of 71,000,000 Placing Shares on a best effort basis and will receive a placing commission of 2.5% on the gross proceeds of the actual number of Tranche II Placing Shares being placed. The placing commission was determined by reference to the range of market norms for commissions for this type of

transaction. The Directors (including the independent non-executive Directors) are of the view that the placing commission is fair and reasonable. The Placing Agent and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules). The Placing Agent had previously acted as placing agent for the Company on other fund raising exercises as disclosed in the Company's announcement dated 15th May, 2007.

## **Placees**

The Placing Agent agreed to place the Tranche II Placing Shares on a best effort basis, to not fewer than six Placees who and whose ultimate beneficial owners will be independent of and not be connected persons (as defined in the Listing Rules) of the Company and its connected persons (as defined in the Listing Rules). None of the Placee will become a substantial Shareholder (as defined in the Listing Rules) immediately after the Placings nor will any new substantial/controlling shareholders be introduced after the Placings.

## **Tranche II Placing Shares**

The 71,000,000 Tranche II Placing Shares represent (i) approximately 9.95% of the existing issued share capital of the Company of 713,737,652 Shares; (ii) approximately 9.05% of the Company's issued share capital of 784,737,652 Shares as enlarged by the Tranche II Placing; and (iii) approximately 8.30% of the Company's issued share capital of 855,737,652 Shares as enlarged by the Placings.

## **Ranking of the Tranche II Placing Shares**

The Tranche II Placing Shares will rank, upon issue, pari passu in all respects with the Shares in issue on the date of allotment and issue of the relevant Tranche II Placing Shares.

## **Placing Price**

The Placing Price of HK\$0.54 represents:

- (i) a discount of approximately 10% to the closing price of HK\$0.60 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 14.29% to the average closing price per Share of HK\$0.63 in the last five consecutive trading days up to and including the Last Trading Day; and
- (iii) a discount of approximately 17.93% to the average closing price per Share of HK\$0.658 in the last ten consecutive trading days up to and including the Last Trading Day.

The Placing Price was determined with reference to the prevailing market price of the Share and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors (including the independent non-executive Directors) consider that the terms of the Tranche II Placing are on normal commercial terms and are fair and reasonable based on the current bullish market conditions and in the interests of the Company and the Shareholders as a whole.



## **Conditions of the Tranche II Placing**

Completion of the Tranche II Placing is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Tranche II Placing Shares; and
- (ii) the obligations of the Placing Agent under the Tranche II Placing Agreement becoming unconditional and not being terminated in accordance with the terms of the Tranche II Placing Agreement, including provisions regarding force majeure event.

The completion of the Tranche II Placing is not subject to the completion of the Tranche I Placing and the completion of the Tranche I Placing is not subject to the completion of Tranche II Placing.

## **Termination and force majeure**

**The Tranche II Placing Agreement may be terminated by the Placing Agent if at any time at or before 10:00 a.m. on the date of completion of the Tranche II Placing Agreement, there occurs:**

- (i) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or**
- (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Tranche II Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the Tranche II Placing by potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Tranche II Placing; or**

**(iii) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which affect the success of the Tranche II Placing (such success being the Tranche II Placing to potential investor(s)) or otherwise in the reasonable opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Tranche II Placing.**

For the avoidance of doubt, the termination of the Tranche II Placing Agreement mentioned above shall not affect any partial completion of the Tranche II Placing Shares that may have taken place prior to such date of termination. The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

### **Completion of the Tranche II Placing**

Completion of the Tranche II Placing will take place on a date falling within four business days after the fulfilment of the conditions as set out in the Tranche II Placing Agreement.

### **General Mandate**

The Tranche II Placing Shares will be issued under the General Mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the special general meeting held on 18th September, 2007 subject to the limit up to 20% of the then issued share capital of the Company as at the date of the special general meeting. Under the General Mandate, the Company is authorized to issue 142,747,530 Shares. If 71,000,000 Shares are issued under Tranche I Placing, approximately 71,747,530 Shares will be available for issue under the General Mandate. The General Mandate is valid until the next annual general meeting of the Company. Upon completion of the Tranche II Placing, 71,000,000 Shares will be issued under the General Mandate and the balance of 747,530 Shares will remain outstanding under the General Mandate.

**As the Tranche II Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **OTHER INFORMATION ON THE PLACINGS**

### **Number of Placing Shares**

The aggregate of 142,000,000 Placing Shares under the Placings represent (i) approximately 19.90% of the existing issued share capital of the Company of 713,737,652 Shares; and (ii) approximately 16.59% of the Company's issued share capital of 855,737,652 Shares as enlarged by completion of the Placings.

### **Reasons for the Placings**

The Directors consider the timing of the Placings is appropriate as the recent stock market has shown strong sentiment. The Directors consider that notwithstanding that the Placings will result in the dilution of the existing shareholding interest of the Shareholders, the Placings represent



an opportunity to raise additional capital for the Company to enhance its general working capital base.

The Directors consider carrying out the Placings in two separate tranches is appropriate after taking into account that it will (i) allow the Company to capture different market sentiments for fund raising purpose; (ii) mitigate the immediate impact on the Share price; and (iii) be more attainable than a one-time placing of the same size.

The Directors (including the independent non-executive Directors) consider that the Placings are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### Use of proceeds

The gross proceeds from the Tranche I Placing will be approximately HK\$38.34 million. The net proceeds from the Tranche I Placing will be approximately HK\$37 million (after deducting the placing commission, legal fees and publication fees payable by the Company), which are intended to be used for part consideration of the Acquisition and general working capital.

The gross proceeds from the Tranche II Placing will be approximately HK\$38.34 million. The net proceeds from the Tranche II Placing will be approximately HK\$37 million (after deducting the placing commission, legal fees and publication fees payable by the Company) which will be used as general working capital.

The aggregate nominal Placing Price for the Placing Shares are HK\$14,200,000. The net Placing Price per Placing Share is HK\$0.52.

### Effects on shareholding structure

The existing and enlarged shareholding structure of the Company immediately before and after completion of the Placings (assuming that there are no other changes in the issued share capital of the Company) are set out below:

	As at the date of this announcement		Upon completion of Tranche I Placing in full only		Upon completion of Tranche II Placing in full only		Upon completion of the Placings	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Cheng Yung Pun (Note)	445,500,000	62.42	445,500,000	56.77	445,500,000	56.77	445,500,000	52.06
Public								
Placing Shares to be placed to the Placees under the Placings	—	—	71,000,000	9.05	71,000,000	9.05	142,000,000	16.59
Other public Shareholders	268,237,652	37.58	268,237,652	34.18	268,237,652	34.18	268,237,652	31.35
Total	<u>713,737,652</u>	<u>100.00</u>	<u>784,737,652</u>	<u>100.00</u>	<u>784,737,652</u>	<u>100.00</u>	<u>855,737,652</u>	<u>100.00</u>

*Note: These Shares are held by Leading Highway Limited, a company incorporated in the British Virgin Islands with limited liability and the entire issued share capital of which is wholly owned by Mr. Cheng Yung Pun, an executive Director and controlling shareholder of the Company.*

\* *No Placee will become a Substantial Shareholder (as defined in the Listing Rules) immediately after the Placings.*

As at the date of this announcement, the existing authorized share capital of the Company consists of 2,000,000,000 Shares out of which 713,737,652 Shares are issued and fully paid up.

As at the date of this announcement, there are no outstanding share options and convertible securities to subscribe for Shares.

### **Fund raising activities in the past twelve months**

Save as disclosed below, the Company has not conducted any fund raising activities in the past twelve months before the date of this announcement:

<b>Date of announcement</b>	<b>Event</b>	<b>Net proceeds (approximately)</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds</b>
15th May, 2007	Top Up Placing	HK\$40.3 million	HK\$40.3 million for financing the Acquisition ( <i>Note</i> )	HK\$30 million had been used to pay the deposit for the Acquisition and the remaining balance of HK\$10.3 million will be used to finance partial payment of the balance consideration for the Acquisition

*Note: The net proceeds of HK\$40.3 million were originally intended to be used for general working capital as disclosed in the Company's announcement dated 15th May, 2007. As disclosed in the circular of the Company dated 31st August, 2007, the Company has changed the intended use of the net proceeds to financing the Acquisition.*

## **GENERAL**

The Group is principally engaged in management and operation of toll road in the PRC.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Tranche I Placing Shares and the relevant Tranche II Placing Shares respectively.

Shareholders and potential investors should note that the Placings are subject to conditions to be fulfilled. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

Trading in the Shares was suspended at the request of the Company with effect from 9:30 a.m. on 16th October, 2007 pending the release of this announcement. An application has been made

by the Company to the Stock Exchange for the trading in the Shares to resume from 2:30 p.m. on 17th October, 2007 following the publication of this announcement.

## **TERMS USED IN THIS ANNOUNCEMENT**

“Acquisition”	the acquisition of Perryville Group Limited as announced by the Company on 29th June, 2007;
“associates”	has the meaning given to that term in the Listing Rules;
“Board”	the board of Directors;
“Company”	Wah Nam International Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange;
“connected person(s)”	has the meaning given to that term in the Listing Rules;
“Directors”	directors of the Company;
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the special general meeting held on 18th September, 2007, among other things, to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the special general meeting;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Party (Parties)”	independent third party (parties) not connected with the directors, substantial shareholders of the Company or any of its subsidiaries or their respective associate;
“Last Trading Day”	15th October, 2007, being the last trading day on which the Shares were suspended from trading on the Stock Exchange pending the release of this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Placings”	the Tranche I Placing and the Tranche II Placing;
“Placing Agent”	Kingston Securities Limited, a licensed corporation to carry on types 1 (dealing in securities) regulated activities for the purposes of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Placing Agreements”	the Tranche I Placing Agreement and/or the Tranche II Placing Agreement;

“Placing Price”	HK\$0.54 per Share;
“Placing Shares”	up to a maximum of 142,000,000 new Shares to be placed pursuant to the terms of the Placing Agreements, being 71,000,000 new Shares under the Tranche I Placing and up to a maximum of 71,000,000 new Shares under the Tranche II Placing;
“Placee(s)”	any institutional, corporate or independent individual investor(s) procured by the Placing Agent to subscribe for any principal amount of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement;
“Share(s)”	ordinary shares of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tranche I Placing”	placing for 71,000,000 new Shares pursuant to the terms of the Tranche I Placing Agreement;
“Tranche I Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 16th October, 2007 in relation to the Tranche I Placing;
“Tranche I Placing Shares”	71,000,000 new Shares to be placed pursuant to the Tranche I Placing Agreement;
“Tranche II Placing”	placing for a maximum of 71,000,000 new Shares pursuant to the terms of the Tranche II Placing Agreement;
“Tranche II Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 16th October, 2007 in relation to the Tranche II Placing;
“Tranche II Placing Shares”	up to a maximum of 71,000,000 new Shares to be placed pursuant to the Tranche II Placing Agreement;
“%”	per cent.

By Order of the Board  
**Cheng Yung Pun**  
*Chairman*

Hong Kong, 16th October 2007

*As at the date of this announcement, the Board comprises Mr. Cheng Yung Pun, Mr. Yu Sui Chuen and Ms. Cheng Wing See, Nathalie (who are executive Directors), Mr. Luo ZhiJian (who is a non-executive Director), and Mr. Au-Yeung Tsan Pong, Davie, Mr. Fung Ka Choi and Mr. Wong Chu Fung (who are independent non-executive Directors).*

*\* For identification purpose only*