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## **WAH NAM INTERNATIONAL HOLDINGS LIMITED**

**華南投資控股有限公司\***

*(incorporated in Bermuda with limited liability)*

**(Stock code: 159)**

### **PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES**

On 17 June 2009, after the trading hours, the Placing Agreement was entered into, pursuant to which, the Placing Agent has agreed to place, on a best efforts basis, up to 111,500,000 existing Shares held by Gracious Fortune, representing approximately 4.70% of the issued share capital of the Company as at the date of this announcement, at the Placing Price of HK\$0.90 per Share. On even date and after trading hours, the Subscription Agreement was entered into, pursuant to which Gracious Fortune will, subscribe for 111,500,000 new Shares representing approximately 4.70% of the existing issued share capital of the Company and 4.49% of the enlarged issued share capital of the Company at the Subscription Price of HK\$0.90 per Share.

The Subscription is conditional upon completion of the Placing Agreement and the granting of the approval by the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares. The Subscription Shares will be issued under the general mandate which was granted to the Directors by the Shareholders at the Company's annual general meeting held on 18 July 2008.

Application will be made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Subscription Shares.

The net proceeds from the Subscription are estimated to be approximately HK\$99.1 million. It is the intention of the Company to use such net proceeds for potential acquisitions or investments in mineral-related businesses.

\* *For identification purposes only*

## THE PLACING AGREEMENT

Date : 17 June 2009

Parties : (1) Gracious Fortune; and  
(2) the Placing Agent

### The Placing

Gracious Fortune holds 195,000,000 Shares representing approximately 8.22% of the issued share capital of the Company as at the date of this announcement.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Gracious Fortune (save for its shareholding in the Company), the Placing Agent and their respective ultimate beneficial owners are not connected persons of the Company and are independent of and not connected with the Company and its connected persons.

The major terms of the placing under the Placing Agreement are summarized as follows:

Placees : The Placing Shares will be placed to not less than six placees, procured by the Placing Agent, who together with their ultimate beneficial owners are not connected persons of the Company and are independent of and not connected with the Company and its connected persons.

Number of Placing Shares : on a best efforts basis, up to 111,500,000 Shares representing approximately 4.70% of the existing issued share capital of the Company and approximately 4.49% of the issued share capital of the Company as enlarged by the Subscription.

Placing Price : HK\$0.90 per Share.

Placing commission : 1.00% of the amount equal to the Placing Price multiplied by the number of Placing Shares.

Completion of the Placing is expected to take place on or before 23 June 2009.

## **THE SUBSCRIPTION AGREEMENT**

Date	:	17 June 2009
Issuer	:	the Company
Subscriber	:	Gracious Fortune
Number of Subscription Shares	:	Same as the number of Shares placed under the Placing Agreement, up to 111,500,000 Shares
Subscription Price	:	HK\$0.90 per new Share

The Placing Price and the Subscription Price were the same and were determined after arm's length negotiations between the Company, Gracious Fortune and the Placing Agent with reference to the recent trading prices of the Shares. The Placing Price and the Subscription Price represent (i) a discount of approximately 8.16% to the closing price per Share of HK\$0.98 on 16 June 2009, being the day immediately prior to the date of the Placing Agreement; and (ii) a discount of approximately 9.09% to the average closing price per Share of approximately HK\$0.99 for the last five trading days up to and including 16 June 2009.

The 111,500,000 Subscription Shares will be allotted and issued pursuant to the general mandate granted to the Directors at the annual general meeting of the Company held on 18 July 2008 pursuant to which the Directors are authorised to allot and issue up to 20% of the issued share capital of the Company as at the date of passing of the resolution approving the said general mandate (i.e. 176,947,530 Shares). Up to the date of this announcement, save for the proposed issue of the Subscription Shares pursuant to the Subscription Agreement, the Directors has not exercised the power to allot and issue any new Shares pursuant to such general mandate.

Completion of the Subscription is conditional upon fulfillment of (i) completion of the Placing; and (ii) granting of the approval by the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares. Completion of the Subscription shall take place on the second business day after the fulfillment of the conditions set out above, or such other date may be agreed between the Company and Gracious Fortune (subject to compliance with the Listing Rules).

## **COST AND EXPENSES**

The Company will be responsible for all costs and expenses incurred by it and Gracious Fortune in relation to the execution of the Placing Agreement.

## RANKING

All the Subscription Shares, when fully paid for and issued, will rank pari passu in all respects among themselves and with the other Shares in issue on the date of allotment of the Subscription Shares pursuant to the Subscription Agreement.

## LISTING APPLICATION

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

## EFFECT OF THE PLACING AND SUBSCRIPTION

The following table sets out the shareholding structure of the Company as at the date of this announcement and the shareholding structures of the Company after completion of the Placing and after the completion of the Subscription (assuming these are no other changes to the issued share capital of the Company):

	As at the date of this announcement		Immediately after completion of the Placing of 111,500,000 new Shares but before the Subscription		Immediately after completion of the Subscription	
	Shares	%	Shares	%	Shares	%
Leading Highway Limited ( <i>Note 1</i> )	445,500,000	18.78%	445,500,000	18.78%	445,500,000	17.94%
Shimmer Expert Investments Limited ( <i>Note 2</i> )	280,548,000	11.83%	280,548,000	11.83%	280,548,000	11.30%
Luk Kin Peter Joseph ( <i>Note 3</i> )	204,000	0.01%	204,000	0.01%	204,000	0.01%
Gracious Fortune	195,000,000	8.22%	83,500,000	3.52%	195,000,000	7.85%
Placees (public)	—	0.00%	111,500,000	4.70%	111,500,000	4.49%
Other existing public Shareholders	1,450,322,244	61.16%	1,450,322,244	61.16%	1,450,322,244	58.41%
Total	<u>2,371,574,244</u>	<u>100.00%</u>	<u>2,371,574,244</u>	<u>100.00%</u>	<u>2,483,074,244</u>	<u>100.00%</u>
Total public shareholding	<u>1,645,322,244</u>	<u>69.38%</u>	<u>1,645,322,244</u>	<u>69.38%</u>	<u>1,756,822,244</u>	<u>70.75%</u>

*Note 1:* These Shares are held by Leading Highway Limited, a company incorporated in the BVI with limited liability and the entire issued share capital of which is wholly owned by Mr. Cheng Yung Pun, an ex-Chairman of the Company who resigned on 16 February 2009.

*Note 2:* These Shares are held by Shimmer Expert Investments Limited, a company incorporated in the BVI and wholly owned by Groom High Investments Limited. Groom High Investments Limited is a company incorporated in the BVI which is wholly owned by Ms. Zhang Li.

*Note 3:* Mr. Luk Kin Peter Joseph, the Chairman of the Company, through his wholly owned company, Equity Valley Investments Limited, holds 204,000 Shares.

## **REASONS FOR THE PLACING AND THE SUBSCRIPTION AND THE USE OF PROCEEDS**

The Group is principally engaged in (a) the exploitation, processing and sales of mineral resources, presently including copper, zinc and lead ore concentrates in the PRC; (b) the provision of limousine and airport shuttle transportation services in Hong Kong and the PRC; and (c) investment in equity securities.

In view of the market conditions, the Directors consider that the Placing and Subscription represents a good opportunity for the Company to strengthen its cash resources and working capital position and to broaden its shareholders base. The Directors are of the view that the terms of the Placing Agreement and the Subscription Agreement are fair and reasonable and in the interests of the Shareholders.

The Group acquired its mining operation and disposed of its previous toll-road operations last year. The Company believes that whilst the PRC mining operations will continue to offer good prospects to the Group, the Group will also actively seek opportunities to invest in mineral resources business in other countries with a view to positioning the Group as a significant player in mineral trading. The Placing and Subscription will enhance the Group's financial position and allow it to make acquisitions or strategic investments when opportunities arise.

The gross proceeds from the Subscription will be HK\$100.35 million, the net proceeds from the Subscription are estimated to be HK\$99.1 million (representing a price net of expenses of approximately HK\$0.89 per Subscription Share). It is the intention of the Directors to use all such net proceeds for potential acquisitions or investments opportunities in mineral-related businesses.

## **FUND RAISING ACTIVITIES OF THE COMPANY DURING THE 12 MONTHS PRIOR TO THE DATE OF THIS ANNOUNCEMENT**

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

Date of announcement	:	2 September 2008
Event	:	Placing of new Shares
Net proceeds	:	approximately HK\$118.5 million
Intended use of proceeds	:	To finance part of the cash consideration in relation to the Acquisition, to pay for the mining resources usage fees and capital expenditures of Luchun Xingtai Mining Co. Ltd. (“Fees and Capex”) and the remaining to be used as general working capital of Luchun Xingtai Mining Co. Ltd. ( <i>Note</i> )
Actual use of proceeds	:	The Group has used HK\$59.8 million from the placing to finance the payment of part of the cash consideration for the Acquisition. The Group has used approximately HK\$20 million as the Group’s general working capital including, among others, the payment of the professional charges incurred by the Group in relation to the Acquisition. As a result of the delay in the payment of the Fees and Capex, the Group has used approximately HK\$33 million to finance certain mineral resources-related investment. The Group will use the remaining available proceeds as general working capital, including, among others, the payment of the Fees and Capex when necessary.

*Note:* Please refer to the announcement of the Company dated 12 February 2008 and circular of the Company dated 30 June 2008 for details.

## **GENERAL**

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

## DEFINITIONS

“Acquisition”	the acquisition of the entire share capital in Smart Year Investments Limited by Golden Genie Limited, a wholly-owned subsidiary of the Company pursuant to a sale and purchase agreement dated 30 January 2008 as amended and supplemented by a supplemental deed dated 27 June 2008
“BVI”	the British Virgin Islands
“Company”	Wah Nam International Holdings Limited, a limited liability company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Directors”	director(s) of the Company
“Gracious Fortune”	Gracious Fortune Investments Limited, a company which holds 195,000,000 Shares representing approximately 8.22% of the issued share capital of the Company as at the date of this announcement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing”	the placing of the Placing Shares pursuant to the Placing Agreement
“Placing Agent”	VC Brokerage Limited, a licensed corporation under the Securities and Futures Ordinance to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities and the placing agent under the Placing Agreement
“Placing Agreement”	the placing agreement entered into between the Company, the Placing Agent and Gracious Fortune dated 17 June 2009
“Placing Price”	HK\$0.90 per Placing Share
“Placing Shares”	up to 111,500,000 existing Shares to be placed by the Placing Agent under the Placing Agreement

“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription agreement entered into between Gracious Fortune and the Company dated 17 June 2009
“Subscription Agreement”	up to the subscription of 111,500,000 new Shares by Gracious Fortune pursuant to the Subscription Agreement
“Subscription Shares”	111,500,000 new Shares to be subscribed by Gracious Fortune pursuant to the Subscription Agreement
“Subscription Price”	HK\$0.90 per Subscription Share

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

17 June 2009, Hong Kong