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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)

OVERSEAS REGULATORY ANNOUNCEMENT

The shares of Wah Nam International Holdings Limited (the “Company”) are dually listed on The Stock Exchange of Hong Kong Limited and on ASX Limited. This announcement is made pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The following is the text of a document published by the Company on ASX Limited today.

By order of the board of directors of
Wah Nam International Holdings Limited
Chan Kam Kwan, Jason
Company Secretary

Hong Kong, 6 April 2011

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

* *For identification purpose only*



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香港聯合交易所上市公司股票號碼: 0159
SEHK Stock Code: 0159

ASX Release

6 April 2011

Response to Brockman's 'Shareholder Update' on Wah Nam's Takeover Offer

On 1 April 2011, Brockman Resources Limited (**Brockman**) issued a 'Shareholder Update' dealing with:

- Wah Nam International Holdings Limited (**Wah Nam**) and its Takeover Offer;
- Brockman's request for Wah Nam to make "a concrete proposal for the development of the Marillana Project and associated rail and port infrastructure"; and
- Brockman's continuing negotiations with Fortescue Metals Group Ltd (**FMG**) regarding end-to-end rail haulage, port access and marketing services for the Marillana Project.

Wah Nam believes that the 'Shareholder Update' contains a number of misleading statements.

1. Wah Nam has made a substantive response to Brockman

Brockman has claimed that "*Wah Nam has not provided any substantive response to Brockman's letter that would demonstrate it is able to fund the development of the Marillana Project or the North West Infrastructure (NWI) Group's port.*"

Wah Nam believes that this statement is misleading because at the time of releasing its 'Shareholder Update', Brockman had in its possession Wah Nam's letter dated 30 March 2011 which, amongst other things, explained:

Wah Nam's explanation

- "... as the holder of a 28% relevant interest in Brockman, Wah Nam is not in the position, nor has any authority, to negotiate for and on behalf of Brockman, proposals with third parties for the development of the Marillana Project."
- "Accordingly, it is clearly not reasonable for Brockman to expect Wah Nam to provide a concrete proposal for the development of the Marillana Project and associated rail and port infrastructure [emphasis added] until Wah Nam's takeover bid is concluded. The appropriate time to commence negotiations for alternatives to the Fortescue proposal would be immediately the outcome of the bid and Wah Nam's status is known. We presume that the Brockman's board understands that any potential joint venture partner would be unwilling to enter into serious negotiations whilst the takeover bid is current."

Brockman response

No response

No response



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- “Wah Nam believes that its status and participation in such negotiations would be of considerable importance to any potential joint venture partners and/or infrastructure solution providers introduced by Wah Nam. Wah Nam further believes that its participation [at the appropriate time] can only contribute to Brockman achieving what is in the best interests of all its shareholders.” *No response*

2. Brockman’s failure to acknowledge Wah Nam’s concerns over the FMG proposal

Wah Nam’s letter to Brockman dated 30 March 2011 (as well as its earlier letter to Brockman dated 9 March 2011) also questioned the agreement proposed with Fortescue Metals Group Ltd (FMG) regarding end-to-end rail haulage, port access and marketing services for the Marillana Project.

In these circumstances, Wah Nam’s letters requested Brockman to put the proposed agreement with FMG and all material information to shareholders, as follows:

- “Given the significance of the infrastructure solution to the future of the Marillana Project and therefore to Brockman shareholders, Wah Nam believes that the proposed FMG Agreement must be put to shareholders before it is entered into so they not only have an opportunity to vote but are provided with all material information to make an informed decision.” *No response*
- “Brockman shareholders need to be given the opportunity to evaluate the consequences of entering into an agreement with FMG, including whether in the board's opinion, relinquishing the marketing rights of the Marillana Project's ore to FMG will adversely affect Brockman's ability to obtain project finance for the Marillana Project.” *No response*

3. Statements concerning Wah Nam and its Takeover Offer

Wah Nam also considers that Brockman's 'Shareholder Update' is misleading in respect of the following further claims:

Brockman claim

- “As at 31 December 2010, Wah Nam had only A\$17 million cash... compared with Brockman’s strong cash position of A\$74 million.”

Wah Nam response

In fact, Wah Nam had at 31 December 2010 HK\$1,681.1 million (approximately A\$210 million) in liquid assets including cash and tradeable securities and has demonstrated its ability to raise capital when required by raising approximately HK\$800 million (A\$100 million) during the 12 months to December 2010. On the other hand, Brockman’s definitive feasibility study indicates capital costs of up to A\$1.9 billion, significantly greater than Brockman’s cash balance of A\$74 million. Moreover, the definitive feasibility study did not consider an independent, ‘end-to-end’ railway option – this capital expenditure would be in addition to the estimates released by Brockman.



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- “The offer remains **HIGHLY CONDITIONAL**”
As Brockman would be aware, Wah Nam's bid is not 'highly conditional', the conditions are typical of what one would find in a scrip bid of this nature.
- “The major accepting shareholder is believed to be a company registered in Hong Kong which the Board has been concerned about for some time.”
Brockman continues with its innuendo, making statements without giving a factual basis.
The Takeovers Panel criticised Brockman in the Panel application for seeking to “draw inferences and conclusions that were clearly not sustainable on the material adduced...”¹”
- “(accepting shareholders) will only be gaining exposure to Wah Nam’s loss-making Damajianshan mine in China, its marginally profitable limousine and airport shuttle business and its investment business...”
Brockman has failed to admit that, like the Marillana Project, Wah Nam’s Damajianshan copper project has been historically loss-making, and this is because both projects are still in an early development stage.

Brockman shareholders are encouraged to dismiss the ‘Shareholder Update’ and form their own opinion on the value of the Wah Nam offer.

Co-operative approach to bringing Marillana to production

Successful development and commercialisation of the Marillana Project will require the achievement of a number of successful milestones, including a positive bankable feasibility study; completion of the NWI Group port definitive feasibility study; and commercial agreements with owners of rail infrastructure or the development of an independent, ‘end-to-end’ rail line.

Given the early stage of development of the Marillana Project, Brockman will require significant capital to reach these milestones, estimated to be up to A\$1.9 billion (or more if an independent rail solution is adopted).

Wah Nam believes, being listed on one of the world’s largest capital markets, the HKEx, gives it an evident advantage in securing project finance on favourable terms. In the event of a successful takeover, the appeal of Wah Nam (with a Western Australian based iron ore asset) to HKEx investors is likely to be large as, to Wah Nam’s knowledge, it would be the only HKEx listed company with direct exposure to Australian hematite iron ore projects and the demand for Australian hematite iron ore in the region is immense.

The HKEx is one of the world’s largest markets by market capitalisation. The HKEx serves as a gateway for companies to achieve exposure to the rapidly growing PRC market. Since 2008, over **US\$125 billion in capital raisings** have been announced with the HKEx and the HKEx has a strong presence in resources.

¹ Reasons for Decision Brockman Resources Limited [2011] ATP 3, paragraph 139

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Conclusion

Wah Nam believes that Brockman's continuing hostile actions against shareholders, commencing with its unsustainable allegations to the Takeover Panel and continuing with its latest 'Shareholder Update' have risked alienating the Board from its shareholder body. Wah Nam remains bewildered with such actions by the Board.

Wah Nam believes that the Brockman Board and Wah Nam should join hands, ensure the Board has the support of shareholders as a whole to reach the goal of funding the Marillana Project and the NWI Group's port on favourable terms.



Peter Luk
Chairman
Wah Nam International Holdings Ltd