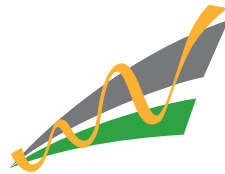


THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares in **Wah Nam International Holdings Limited**, you should at once hand this circular to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



WAH NAM INTERNATIONAL HOLDINGS LIMITED

華南投資控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 159)

PROPOSAL INVOLVING GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES AND RE-ELECTION OF RETIRING DIRECTORS

A notice convening the Annual General Meeting of Wah Nam International Holdings Limited (the “Company”) to be held at Garden Room A & B, 2/F., Hotel Nikko Hong Kong, 72 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Wednesday, 25th April, 2007, at 2:30 p.m. is set out in the 2006 Annual Report of the Company sent together with this circular.

Whether or not you propose to attend the Annual General Meeting, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the Company’s Branch Share Registrar in Hong Kong, Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the meeting or the adjourned meeting (as the case may be). Completion and return of a proxy form will not preclude shareholders from attending and voting at the general meeting if they so wish.

26th March, 2007

* For identification purpose only

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context otherwise requires.

“AGM”	the Annual General Meeting of the Company to be held on Wednesday, 25th April, 2007 at 2:30 p.m.
“AGM Notice”	the notice convening the AGM, which is set out in the 2006 Annual Report sent together with this circular
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company
“Company”	Wah Nam International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“Existing Issue Mandate”	a general mandate granted to the Directors at the annual general meeting of the Company held on 4th May, 2006, to allot, issue and deal with Shares not exceeding 20 per cent. of the aggregate number of Shares comprised in the share capital of the Company in issue as at 4th May, 2006
“Existing Repurchase Mandate”	a general mandate granted to the Directors at the annual general meeting of the Company held on 4th May, 2006 to repurchase Shares not exceeding 10 per cent. of the aggregate number of Shares comprised in the share capital of the Company in issue as at 4th May, 2006
“Group”	The Company and its subsidiaries from time to time
“HK\$” and “cents”	Hong Kong dollars and cents, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	21st March, 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited

DEFINITIONS

“Ordinary Resolutions”	the ordinary resolutions to be proposed and passed at the AGM for the matters as set out in the AGM Notice
“Repurchase Resolution”	the proposed ordinary resolution as referred to in resolution no. 4B of the AGM Notice
“SFO”	the Securities and Futures Ordinance (Chapter 571) of the laws of Hong Kong, as amended from time to time
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Share Issue Mandate”	a general mandate proposed to be granted to the Directors at the AGM to allot, issue and deal with Shares of up to 20 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution granting such mandate
“Share Repurchase Mandate”	a general mandate proposed to be granted to the Directors at the AGM to repurchase Shares not exceeding 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution granting such mandate
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Takeover Code”	the Hong Kong Code on Takeovers and Mergers



WAH NAM INTERNATIONAL HOLDINGS LIMITED

華南投資控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 159)

Directors:

Executive Directors:

Cheng Yung Pun (*Chairman*)

Yu Sui Chuen

Cheng Wing See, Nathalie

Non-Executive Director:

Luo ZhiJian (appointed on 16th October, 2006)

Independent Non-Executive Directors:

Au-Yeung Tsan Pong, Davie

Fung Ka Choi

Wong Chu Fung

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Head Office and

Principal Place of Business:

Room 902, 9th Floor

East Ocean Centre

98 Granville Road

Tsimshatsui East

Kowloon, Hong Kong

26th March, 2007

To the Shareholders

Dear Sir or Madam,

**PROPOSAL INVOLVING
GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES
AND
RE-ELECTION OF RETIRING DIRECTORS**

INTRODUCTION

The purpose of this circular is to provide you with the information in respect of the Ordinary Resolutions to be proposed at the AGM for, amongst other things:–

- (i) granting to the Directors the Share Issue Mandate;
- (ii) granting to the Directors the Share Repurchase Mandate;

* For identification purpose only

LETTER FROM THE BOARD

- (iii) extending the Share Issue Mandate by adding to it the aggregate number of the issued Shares repurchased under the Share Repurchase Mandate;
- (iv) the re-election of the retiring Directors.

SHARE ISSUE MANDATE

An ordinary resolution will be proposed at the AGM for the purpose of renewing the Existing Issue Mandate granted to Directors to allot, issue and otherwise deal with the Shares. The Existing Issue Mandate will expire at the conclusion of the AGM. The Share Issue Mandate is subject to a limit equal to 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing the resolution.

SHARE REPURCHASE MANDATE

The Repurchase Resolution will be proposed for the purpose of renewing the Existing Repurchase Mandate granted to the Directors to repurchase Shares. The Existing Repurchase Mandate will expire at the conclusion of the AGM. The Share Repurchase Mandate is subject to a limit of equal to 10 per cents. of the issued share capital of the Company as at the date of passing the resolution. An explanatory statement to the Share Repurchase Mandate as required under the Listing Rule is set out in the Appendix I to this circular.

EXTENSION TO THE SHARE ISSUE MANDATE

Subject to the passing at the AGM of the proposed resolution regarding the Share Issue Mandate and the Repurchase Resolution, an ordinary resolution will be proposed at the AGM to approve the addition of the number of Shares that may be repurchased under the Share Repurchase mandate to the 20 per cent. Share Issue Mandate.

Shareholders are referred to the AGM Notice, set out in the 2006 Annual Report of the Company sent together with this circular, for details of the Ordinary Resolutions. With reference to these resolutions, the Board wishes to state that it has no immediate plans to repurchase any Shares or to issue any new Shares, whether for cash or otherwise, pursuant to the relevant mandates.

DIRECTORS PROPOSED TO BE RE-ELECTED

In accordance with clauses 87(1) and 87(2) of the Company's Bye-laws, Mr. Yu Sui Chuen and Ms. Cheng Wing See, Nathalie will retire by rotation at the AGM. In accordance with clause 86(2) of the Company's Bye-laws, Mr. Luo ZhiJian will retire at the AGM. These three Directors retiring, being eligible, offer themselves for re-election at the forthcoming annual general meeting. The particulars of these three Directors which are required to be disclosed by the Listing Rules are set out in Appendix II to this circular.

LETTER FROM THE BOARD

ANNUAL GENERAL MEETING

The AGM Notice is set out in the 2006 Annual Report of the Company sent together with this circular.

The Register of Members of the Company will be closed from (Monday) 23rd April, 2007 to (Wednesday) 25th April, 2007, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM of the Company, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:00 p.m. on 20th April, 2007.

ACTION TO BE TAKEN

A proxy form for use at the AGM is enclosed herewith and such form of proxy is also published on the website of the Stock Exchange (www.hkex.com.hk). Whether or not you intend to attend the AGM, you are requested to complete the proxy form and return it to the abovementioned Branch Share Registrar of the Company in Hong Kong not less than 48 hours before the time appointed for holding of the meeting or the adjourned meeting (as the case may be). Completion and return of a proxy form will not preclude shareholders from attending and voting at the extraordinary general meeting if they so wish.

RECOMMENDATION

The Directors consider that proposals of the Share Issue Mandate, the Share Repurchase Mandate, the Extension to the Share Issue Mandate and the Re-election of Retiring Directors are in the best interests of the Company and its Shareholders. Accordingly, the Directors recommend all the Shareholders should vote in favour of these resolutions as set out in the AGM Notice to be proposed at the AGM. The procedure by which the Shareholders may demand a poll at the AGM pursuant to the current Bye-laws is set out in Appendix III to this circular.

Leading Highway Limited, the controlling shareholder of the Company as defined in the Listing Rules, which holds 74.89% shareholding of the Company as at the Latest Practicable Date, has indicated that they intend to vote in favour of these resolutions in respect of their holding of Shares.

LETTER FROM THE BOARD

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other matters the omission of which would make any statement in this circular misleading.

As at the date hereof, the Board comprises Mr. Cheng Yung Pun, Mr. Yu Sui Chuen and Ms. Cheng Wing See, Nathalie as executive Directors, Mr. Luo ZhiJian as non-executive Director and Mr. Au-Yeung Tsan Pong, Davie, Mr. Fung Ka Choi and Mr. Wong Chu Fung as independent non-executive Directors.

By Order of the Board
Cheng Yung Pun
Chairman

This Appendix serves as an explanatory statement required under the Listing Rules to provide you with the information necessary for your consideration of the Share Repurchase Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 594,837,652 Shares.

Exercise in full of the Repurchase Mandate, on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the approval of the Share Repurchase Mandate, the Company would be allowed under the Repurchase Resolution to repurchase a maximum of 59,483,765 Shares representing not more than 10% of the issued share capital of the Company as at the Latest Practicable Date.

2. REASONS FOR REPURCHASE

The Directors believe that the Share Repurchase Mandate is in the best interests of the Company and its Shareholders. Such purchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets and/or its earnings per Share and will only be made when the Directors believe that such a purchase will benefit the Company and its Shareholders.

3. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds entirely from the Company's available cashflow or working capital facilities which will be funds legally available in accordance with the provisions of the Bye-laws of the Company and Bermuda laws for the purpose. It is envisaged that the funds required for any repurchase would be derived from those funds of the Company, legally permitted to be utilised in this connection, including capital paid up on the Shares to be repurchased, funds of the Company otherwise available for dividend or distribution and proceeds of a fresh issue of shares made for that purpose. Any premium payable on such repurchase may be provided for out of the funds of the Company otherwise available for dividend or distribution or out of the Company's share premium account before the shares are repurchased.

On the basis of the consolidated financial position of the Company as at 31st December, 2006 (being the date to which the latest published audited financial statements of the Company have been made up) and in particular the working capital position of the Company at that time and the number of Shares now in issue, the Directors consider that there might be a material adverse impact on the working capital position or the gearing position of the Company in the event that purchase of all the Shares the subject of the Share Repurchase Mandate were to be carried out in full during the Share Repurchase Mandate period. No purchase would be made in circumstances that would have a material adverse impact on the working capital position or the gearing position of the Company (as compared with the position disclosed in the latest published audited financial statements).

4. SHARE PRICES

The highest and lowest market prices at which the Shares have traded on the Stock Exchange in

	Shares	
	Highest	Lowest
	<i>(HK\$)</i>	<i>(HK\$)</i>
2006		
March	0.156	0.122
April	0.143	0.100
May	0.134	0.091
June	0.169	0.100
July	0.147	0.105
August	0.129	0.100
September	0.138	0.100
October	0.120	0.100
November	0.145	0.100
December	0.145	0.107
2007		
January	0.134	0.100
February	0.150	0.111
March (up to the latest practicable date)	0.180	0.150

5. UNDERTAKING

The Directors have undertaken to the Stock Exchange, so far as the same may be applicable, to exercise the power of the Company to repurchases pursuant to the Repurchase Resolution and in accordance with the Listing Rules and the applicable laws of Bermuda.

None of the Directors nor, to the best of their knowledge and belief having made all reasonable enquiries, any of their associates (as defined in the Listing Rules), have any present intention, if the Share Repurchase Mandate is approved, to sell any Shares to the Company or its subsidiaries.

No connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, if the Share Repurchase Mandate is approved by Shareholders.

6. TAKEOVER CODE

If as a result of a share repurchase a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Rule 32 of the Takeover Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning of the Takeover Code) depending on the level of increase of the Shareholder's interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeover Code as a result of such increase.

As at the Latest Practicable Date, according to the Register kept by the Company pursuant to Section 336 of the SFO, Leading Highway Limited controlled approximately 74.89% of the entire issued share capital of the Company. On the basis that the issued share capital of the Company remains unchanged up to the date of the Annual General Meeting, if the Repurchase Mandate is exercised in full, the controlling interests of Leading Highway Limited in the Company will increase to 83.22% of the issued capital of the Company. The Directors are not aware of any Shareholders or group of Shareholders acting in concert who will become obliged to make a mandatory offer in accordance with Rule 26 of the Takeover Code as a result of repurchase of Shares. The Directors will also have no present intention to exercise the power to repurchase shares on the Stock Exchange pursuant to the Repurchase Mandate to such an extent as to result in the number of Shares held by the public falling below 25%.

7. REPURCHASES OF SHARES MADE BY THE COMPANY

No repurchases of Shares have been made by the Company (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

This Appendix set out the details of directors who will retire at the conclusion of the AGM and will be proposed to be re-elected at AGM of the Company.

Mr. Yu Sui Chuen, aged 51

Mr. Yu is the executive director of the Company since the year 2002. He is responsible for overseeing the finance and administration of the Group and assisting the Chairman in the strategic planning. Mr. Yu holds a Higher Diploma in Business Administration majoring in Accounting. Mr. Yu has over 26 years' experience in finance management and administration of which nearly 10 years he has been a member of the management committee of a listed company. He is also an executive Director of Matrix Holdings Limited, a company listed on the Stock Exchange.

There is a service contract entered into between the Company and of Mr. Yu for an initial fixed term of two years commencing from 1st September, 2002, which will continue thereafter unless terminated by not less than six months' notice in writing served by either party on the other. He is entitled to a director fee of HK\$50,000 per annum currently covered by the said service contract. The director's fee will be subject to the authorization granted by the Shareholders in general meeting to the Board for determination from time to time based on market rate.

Mr. Yu does not have any relationship with any other directors, senior management, substantial shareholders (as defined in the Listing Rules) or controlling shareholders (as defined in the Listing Rules) of the Company. As at the latest practicable date, Mr. Yu has no interest or deemed interest in the shares of the Company within the meaning of Part XV of the SFO and there is no information which is disclosable nor is/was he involved in any matters required to be disclosed pursuant to any of the requirements of the provisions under the Listing Rule 13.51(2)(h) to 13.51(2)(w).

There are no other matters concerning Mr. Yu that need to be brought to the attention of the Shareholders.

Ms. Cheng Wing See, Nathalie, aged 33

Ms. Cheng is the executive director of the Company since the year 2002. She is responsible for the business development of the Group. Ms. Cheng has held managerial position in procurement in the plastic toys field for over nine years. Ms. Cheng is the daughter of Mr. Cheng Yung Pun, Chairman of the Company. She is also an executive Director of Matrix Holdings Limited, a company listed on the Stock Exchange.

There is a service contract entered into between the Company and of Ms. Cheng for an initial fixed term of two years commencing from 1st September, 2002, which will continue thereafter unless terminated by not less than six months' notice in writing served by either party on the other. She is entitled to a director fee of HK\$50,000 per annum currently covered by the said service contract. The director's fee will be subject to the authorization granted by the Shareholders in general meeting to the Board for determination from time to time based on market rate.

Save as disclosed above, Ms. Cheng does not have any relationship with any other directors, senior management, substantial shareholders (as defined in the Listing Rules) or controlling shareholders (as defined in the Listing Rules) of the Company. As at the latest practicable date, Ms. Cheng has no interest or deemed interest in the shares of the Company within the meaning of Part XV of the SFO and and there is no information which is disclosable nor is/was she involved in any matters required to be disclosed pursuant to any of the requirements of the provisions under the Listing Rule 13.51(2)(h) to 13.51(2)(w).

There are no other matters concerning Ms. Cheng that need to be brought to the attention of the Shareholders.

Mr. Luo ZhiJian, aged 58

Mr. Luo was appointed to the board as non-executive director of the Company in the year 2006. Mr. Luo has almost 20 years' experience in legal professional in the PRC. He is a Secretary – General of China Law Council. He does not held any directorship in any other listed companies in the past three years.

There is no service agreement entered into between the Company and of Mr. Luo. The appointment of Mr. Luo has no fixed term, but his term of office is subject to retirement by rotation and re-election in accordance with the Company's Bye-laws. Mr. Luo will be entitled to emolument based on the market rate as determined by the Board subject to the authorization granted by the Shareholders in the general meeting of the Company, currently being HK\$50,000 as director fee, per annum.

Save as disclosed above, Mr. Luo does not hold any position in any subsidiaries of the Company and does not have any relationship with any other directors, senior management, substantial shareholders (as defined in the Listing Rules) or controlling shareholders (as defined in the Listing Rules) of the Company. As at the latest practicable date, Mr. Luo has no interest or deemed interest in the shares of the Company within the meaning of Part XV of the SFO and and there is no information which is disclosable nor is/was he involved in any matters required to be disclosed pursuant to any of the requirements of the provisions under the Listing Rule 13.51(2)(h) to 13.51(2)(w).

There are no other matters concerning Mr. Luo that need to be brought to the attention of the Shareholders.

The following paragraphs set out the procedure by which the Shareholders may demand a poll at a general meeting of the Company (including the Annual General Meeting) pursuant to the current Bye-laws.

According to clause 66 of the current Bye-laws, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by:

- (i) the chairman of such meeting;
- (ii) at least three Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorized representative) or by proxy for the time being entitled to vote at the meeting;
- (iii) a Shareholder or Shareholders present in person or (or in the case of a Shareholder being a corporation by its duly authorized representative) or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (iv) a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorized representative) or by proxy and holding shares in the Company conferring a right to attend and vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right; or
- (v) the rules and regulations prescribed by the Designated Stock Exchange from time to time.