
IMPORTANT

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

If you have sold or transferred all your shares in Wah Nam International Holdings Limited, you should at once hand this circular together with the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for transmission to the purchaser or transferee.

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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)

MAJOR AND CONNECTED TRANSACTION

Financial adviser to the Company



Optima Capital Limited

Independent financial adviser to
the Independent Board Committee and the Independent Shareholders

COMMERZBANK 

Commerzbank AG Hong Kong Branch

A letter from the Board is set out on pages 5 to 12 of this circular and a letter from the Independent Board Committee is set out on page 13 of this circular. A letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 14 to 21 of this circular.

A notice convening the SGM to be held at Mont Blanc Room, Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong on Tuesday, 9 September 2008 at 10:00 a.m. is set out on pages 48 to 49 of this circular. Whether or not you intend to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the appointed time for holding the meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting and any adjournment thereof (as the case may be) should you so wish.

* *for identification purposes only*

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DEFINITIONS

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

“Agreement”	the agreement dated 6 June 2008 entered into between the Parties in relation to the sale and purchase of the Sale Shares and the assignment of the Shareholder’s Loan as amended, modified and supplemented by the Supplemental Agreement
“associate(s)”	has the meaning as ascribed to it in the Listing Rules
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Cableport”	Cableport Holdings Limited, a company incorporated in BVI with limited liability and a wholly-owned subsidiary of the Company
“Cableport Group”	Cableport and its subsidiary
“Company”	Wah Nam International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Compensation Agreement”	the agreement dated 30 July 2008 entered into between HHED and the Hangzhou City Government in relation to the daily compensation from the Hangzhou City Government for the loss of toll receipts in the operation of the Toll Road
“Completion”	completion of the Disposal
“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Shares and the assignment of the Shareholder’s Loan by the Company pursuant to terms and conditions of the Agreement
“Group”	the Company and its subsidiaries from time to time
“Hangzhou City Government”	the government of the city of Hangzhou, the PRC

DEFINITIONS

“HHED”	杭州華南工程開發有限公司(Hangzhou Huanan Engineering Development Company Limited), an enterprise established and existing under the laws of the PRC and a non wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the committee of the Board comprising all independent non-executive Directors established to advise the Independent Shareholders on the terms of the Agreement and the Disposal
“Independent Financial Adviser” or “Commerzbank”	Commerzbank AG, acting through its Hong Kong Branch, a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) and an authorized financial institution under the SFO to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities as set out in Schedule 5 to the SFO, the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the transactions contemplated under the Agreement and the Disposal
“Independent Shareholder(s)”	Shareholder(s) other than the Purchaser, Mr. Cheng and their respective associates
“Latest Practicable Date”	7 August 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Members/Shareholder(s)”	holder(s) of Share(s)

DEFINITIONS

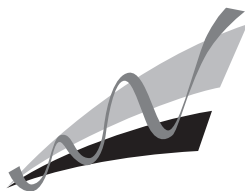
“MI Receivables”	amounts due from minority shareholders of HHED with an aggregate carrying amount of approximately HK\$52.7 million as at 31 December 2007
“Mr. Cheng”	Mr. Cheng Yung Pun, a Director and the controlling Shareholder and the ultimate beneficial owner of the Purchaser
“Optima Capital”	Optima Capital Limited, a corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO, the financial adviser to the Company
“Parties”	the parties to the Agreement, namely the Company, the Purchaser and Mr. Cheng
“Perryville Group”	Perryville Group Limited and its subsidiaries
“PRC”	The People’s Republic of China which for the purpose of this circular excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Purchaser”	Leading Highway Limited, a company incorporated in BVI with limited liability wholly-owned by Mr. Cheng
“RMB”	Renminbi, the lawful currency of the PRC
“S&P Agreement”	the sale and purchase agreement dated 30 January 2008 entered into between the Company, Talent Zone Investment Limited, Sheer Distinction Investments Limited, Shimmer Expert Investments Limited, Wander Profits Investment Limited, Top Respect Holdings Limited, Villas Green Investments Limited, Prideful Future Investments Limited, Gracious Fortune Investment Limited, Best Captain International Limited and Golden Genie Limited in relation to the acquisition of the entire issued share capital in Smart Year Investment Limited (as amended by the supplemental deed dated 27 June 2008)
“Sale Shares”	2 shares of US\$1.00 each of Cableport, representing the entire issued share capital of Cableport

DEFINITIONS

“SFO”	the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	a special general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving, among other things, the Agreement and the Disposal by the Independent Shareholders
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder’s Loan”	the unsecured non-interest bearing loan(s) advanced by the Company to Cableport with an aggregated sum of HK\$22,368,320.74 outstanding as at the date of the Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the agreement dated 31 July 2008 entered into between the Parties in relation to the amendments to the long stop date and the completion date of the Agreement
“Toll Road”	the toll road located at the 320 National Highway in Hangzhou which is managed and operated by HHED
“Vigers”	Vigers Appraisal and Consulting Limited, the independent professional valuer engaged by the Company to prepare the valuation on Cableport

Translation of RMB to HK\$ is based on the exchange rate of RMB1.00 to HK\$1.1256 for information purpose only. Such translations should not be construed as a representation that the relevant amounts have been, could have been, or could be converted at that or any other rate or at all.

LETTER FROM THE BOARD



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*)

Chan Kam Kwan, Jason

Independent non-executive Directors:

Lau Kwok Kuen, Eddie

Uwe Henke Von Parpart

Wilton Timothy Carr Ingram

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Head office and

principal place of business:

Unit 3906, 39th Floor

Far East Finance Centre

16 Harcourt Road

Admiralty, Hong Kong

9 August 2008

To the Shareholders,

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION

INTRODUCTION

Reference is made to the announcement of the Company dated 13 June 2008, in which the Board announced that after trading hours on 6 June 2008, the Company entered into the Agreement with the Purchaser, pursuant to which the Company agreed to sell and the Purchaser agreed to acquire (i) the Sale Shares, representing the entire issued share capital of Cableport as at the date of the Agreement for a consideration of HK\$37,631,679.26; and (ii) the Shareholder's Loan for a consideration of HK\$22,368,320.74.

* *for identification purposes only*

LETTER FROM THE BOARD

Following Completion, the Company will no longer have any interests in Cableport. Cableport will cease to be a subsidiary of the Company and the assets, liabilities and financial results of Cableport will no longer be consolidated in the consolidated financial statements of the Company.

Since the applicable percentage ratios as calculated under Rule 14.07 of the Listing Rules represent 25% or more but less than 75% for the Company, the Disposal constitutes a major transaction for the Company under the Listing Rules which is subject to the requirements of reporting, announcement and shareholders' approval pursuant to Chapter 14 of the Listing Rules.

Given the Purchaser was the controlling Shareholder holding 445,500,000 Shares, representing approximately 50.35% of the issued share capital of the Company as at the date of the Agreement and the Latest Practicable Date, the Purchaser was a connected person of the Company as defined under the Listing Rules. As such, the Disposal also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The Disposal is therefore subject to the requirements of reporting, announcement and independent shareholders' approval pursuant to Chapter 14A of the Listing Rules.

The purpose of this circular is to provide you with, among other things, (i) further details of the Agreement and the Disposal; (ii) a letter from the Independent Board Committee in relation to the transactions contemplated under the Agreement and the Disposal; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the transactions contemplated under the Agreement and the Disposal; and (iv) the notice of SGM at which resolution will be proposed to be considered and if thought fit, approve, among other things, the transactions contemplated under the Agreement and the Disposal.

THE AGREEMENT

Date

6 June 2008

Parties

- (1) the Company, as the vendor
- (2) Leading Highway Limited, as the Purchaser
- (3) Mr. Cheng, as the guarantor of the Purchaser

LETTER FROM THE BOARD

The Purchaser is an investment holding company wholly-owned by Mr. Cheng. As at the Latest Practicable Date, the Purchaser owned 445,500,000 Shares, representing approximately 50.35% of the issued share capital of the Company. Apart from the Disposal, the Company has no prior transaction with the Purchaser and/or its ultimate beneficial owner which would require aggregation with the Disposal pursuant to Rule 14A.25 of the Listing Rules.

Subject of the Disposal

Pursuant to the Agreement, the Company agreed to sell and the Purchaser agreed to acquire (i) the Sale Shares, representing the entire issued share capital of Cableport; and (ii) the Shareholder's Loan.

Consideration

The total consideration payable for the Disposal is HK\$60,000,000, of which HK\$37,631,679.26 represents consideration for the sale of the Sale Shares and the balance of HK\$22,368,320.74 represents the consideration for the assignment of the Shareholder's Loan. The total consideration will be settled in cash upon Completion.

The consideration was arrived at after arm's length negotiations between the Parties with reference to the face value of the Shareholder's Loan and the fair value of the entire interest in Cableport of approximately HK\$36 million based on the preliminary business valuation of the entire interest in Cableport as at 31 May 2008 (as disclosed in the announcement of the Company dated 13 June 2008) prepared by Vigers during the course of negotiation of the Agreement.

Conditions precedent

Completion is conditional upon:

- (a) the Shareholders having the right to attend and vote in general meetings and not excluded from voting under the Listing Rules approving the sale of the Sale Shares and the transactions contemplated under the Agreement in accordance with the requirements of the Listing Rules; and
- (b) the Parties having obtained any and all other permits, approvals, authorisations and waivers as may be necessary or appropriate for the entering into and consummation of the transactions contemplated under the Agreement.

LETTER FROM THE BOARD

The long stop date for the Disposal is 16 September 2008 pursuant to the Agreement, or such other date as the Parties may agree in writing. In the event that any of the above conditions shall not have been fulfilled or waived prior to such long stop date then the Purchaser and the Company shall not be bound to proceed with the sale and purchase of the Sale Shares nor the assignment of the Shareholder's Loan. As at the Latest Practicable Date, none of the conditions precedent had been fulfilled.

Completion

Completion shall take place on the second business day after the day on which the last of the above conditions is fulfilled or waived or 18 September 2008 pursuant to the Agreement, whichever is later (or provided that the conditions are fulfilled or waived, such later date as the Parties may agree in writing prior to Completion).

THE SUPPLEMENTAL AGREEMENT

After considering the earliest possible date of the SGM to approve the Disposal, the Parties entered into the Supplemental Agreement on 31 July 2008 pursuant to which the Parties agreed to amend the long stop date and the completion date of the Agreement. Pursuant to the Supplemental Agreement, the long stop date shall be extended from 27 August 2008 to 16 September 2008 and Completion shall take place on the second business day after the day on which the last of the conditions precedent is fulfilled or waived or 18 September 2008 (as opposed to the original agreed date on 29 August 2008), whichever is later (or provided that the conditions are fulfilled or waived, such later date as the Parties may agree in writing prior to Completion).

Save for the above, all other terms and conditions of the Agreement remain unchanged.

INFORMATION ON CABLEPORT

Cableport is an investment holding company and a direct wholly-owned subsidiary of the Company. Cableport owns 60% equity interest in HHED, which in turn holds the right of management and operation of the Toll Road. Based on the business valuation prepared by Vigers as referred to in Appendix II to this circular, the market value of the entire equity interest in Cableport was approximately HK\$35.2 million as at 31 May 2008.

The Toll Road is a highway located at the 320 National Highway in Hangzhou, connecting the traffic network between Zhejiang province to the provinces of Anhui and Jiangsu. It is a restricted grade one highway between Shanhusa and Jinjialing with a length of approximately 11.934 kilometers. Tolls are collected for all traffic running from Fuyang City to Hangzhou City. In January 2005, HHED entered into an agreement with the Hangzhou City Government pursuant to which the Hangzhou City Government agreed to pay HHED a daily compensation of RMB50,000 for the loss of toll receipts for the year ended 31

LETTER FROM THE BOARD

December 2005. The amount of compensation is subject to annual review by Hangzhou City Government and the agreement is subject to evaluation annually. As in June 2008, the amount of compensation receivable for the years ended 31 December 2006 and 31 December 2007 and the five months ended 31 May 2008 (other than the amount of HK\$7,804,000 which had been received during the year ended 31 December 2006) amounted to approximately HK\$37 million. Such outstanding amount was calculated on the assumption that the daily compensation at the amount of RMB50,000 has remained unchanged, has not been settled. In 2007, in the absence of any agreement with Hangzhou City Government and pending for a decision of the PRC court in respect of the litigation described below, such unsettled balance had not been reflected in the financial statements of the Company for the year ended 31 December 2007. Up to early July 2008, the Group had been in negotiation with the Hangzhou City Government as to the entitlement of the remaining amount of compensation. As stated in the annual report of the Company for the year ended 31 December 2007 (“**2007 Annual Report**”), the PRC lawyer of the Group has advised that a civil petition has been submitted by HHED to the PRC court against the Hangzhou City Government seeking a judgment on the compensation amount. Up to early July 2008, such court decision was still pending. As referred to in the 2007 Annual Report, the auditors of the Company had expressed a qualified opinion in the auditors’ reports on the annual financial statements of the Group for the year ended 31 December 2007 on the basis that, among other things, they were unable to assess whether any impairment loss against the Toll Road operation rights was required and whether allowance was required in respect of the MI Receivables.

On 30 July 2008, HHED entered into the Compensation Agreement with the Hangzhou City Government pursuant to which Hangzhou City Government agreed to pay HHED a daily compensation of RMB50,000 for the year ended 31 December 2006 and RMB51,250 for the three years ending 31 December 2009 for the loss of toll receipts in the operation of the Toll Road. The amount of compensation receivable for the years ended 31 December 2006 and 31 December 2007 and the five months ended 31 May 2008 (other than the amount of HK\$7,804,000 which had been received during the year ended 31 December 2006) pursuant to the Compensation Agreement amounted to approximately HK\$41.3 million. Such outstanding amount was calculated on the assumption that the daily compensation of (i) RMB50,000 had remained unchanged for the year ended 31 December 2006; and (ii) RMB51,250 had remained unchanged for the year ended 31 December 2007 and the five months ended 31 May 2008, had not been settled. Despite the Compensation Agreement had been entered into between HHED and the Hangzhou City Government, the litigation between HHED and the Hangzhou City Government in relation to the government compensation has not been settled as at the Latest Practicable Date and that the timing and recoverability of the abovementioned compensation amount of approximately HK\$41.3 million has remained uncertain.

The audited consolidated financial information of the Group as at 31 December 2007 has comprised the financial figures of Cableport Group. As at 31 December 2007, the consolidated net asset value attributable to the shareholders of Cableport was approximately

LETTER FROM THE BOARD

HK\$44.1 million (“Cableport NAV”). Set out below are the financial information of the Cableport Group for the two years ended 31 December 2006 and 31 December 2007 respectively.

	For the financial year ended	
	31 December 2006	31 December 2007
	<i>HK\$ million</i>	<i>HK\$ million</i>
Profit/(Loss) before taxation and extraordinary items	7.0	(2.4)
Profit/(Loss) after taxation and extraordinary items	5.8	(2.6)

REASONS FOR AND BENEFITS OF THE DISPOSAL

Prior to Completion, the Group is principally engaged in the provision of limousine and airport shuttle transportation services in Hong Kong and management and operation of toll road in the PRC. For the year ended 31 December 2007, the Group recorded an audited net loss of approximately HK\$6.0 million.

As set out in the announcement of the Company dated 12 February 2008, the Company agreed to acquire Smart Year Investment Limited (the “Acquisition”), which is principally engaged in investment holding with its subsidiaries principally engaged in the mining and processing of mineral resources. Over the past few years, a remarkable increase has been recorded in both the demand and prices of mineral resources. The Directors are optimistic about the future prospects and demand for natural resources and consider that the Acquisition would allow the Group to diversify into the natural resource industry which will in turn provide a new income source for the Group. It is the business strategy of the Group to place more focus in the natural resources business and the Disposal would allow the Group to divert its resources to a business which the Directors consider to be of better prospects.

Having taken into account of the above, the Directors consider that the Disposal represents a good opportunity for the Group to divest its interests in Cableport and receive additional cash for business with more growth potential.

FINANCIAL EFFECTS OF THE DISPOSAL

Based on the Cableport NAV of approximately HK\$44.1 million, it is estimated that the Company will record a loss of approximately HK\$6.5 million as a result of the Disposal. The Cableport NAV of approximately HK\$44.1 million included the MI Receivables. As stated in the 2007 Annual Report, the MI Receivables may be settled through dividends to be declared by HHED at the discretion of the directors of HHED. Given the ability of HHED to declare dividends is dependent on the profitability of HHED which in turn, is dependent on the actual amount of daily compensation to be received from the Hangzhou City Government,

LETTER FROM THE BOARD

the Directors are of the view that the inclusion of the MI Receivables when determining the gain or loss on Disposal may not reflect the actual financial effect as the ability of the minority shareholders of HHED to repay the MI Receivables in the event that HHED is unable to declare sufficient dividends to realize the MI Receivables is in doubt. Accordingly, the Directors consider that, notwithstanding the estimated loss as a result of the Disposal, the Disposal still represents a good opportunity for the Group to divest the investment in Cableport.

Following Completion, the Company will no longer have any interests in Cableport. Cableport will cease to be a subsidiary of the Company and the assets, liabilities and financial results of Cableport will no longer be consolidated in the consolidated financial statements of the Company. Based on the estimation of the management of the Company, the total assets of the Group is expected to be reduced by approximately HK\$85.7 million and the total liabilities and the amount due to minority interest of the Group is expected to be reduced by approximately HK\$1.3 million and approximately HK\$77.9 million respectively. Accordingly, the net asset value of the Group is expected to be decreased by approximately HK\$6.5 million as a result of the Disposal. In addition, save for the loss on Disposal of approximately HK\$6.5 million, the Disposal is expected to have positive effects on the earnings, financial and cash resources of the Group going forward. In recent years, HHED, the subsidiary of Cableport which holds and operates the Toll Road, has witnessed increasing competition from the surrounding emerging alternate roads, putting pressure on its revenue and costs, and therefore profitability of its operation. The Disposal is conducive to the improvement of the Group's future financial performance by mitigating loss from the Cableport Group and also helps in preserving financial and cash resources which the Group can allocate to other more profitable endeavors. The whole business segment of management and operation of toll road of the Group in the PRC will be terminated after the Disposal. The Company has no present intention to dispose any of its other existing businesses after the Disposal, subject to any good divesting opportunities in the future which are to the interests of the Company. There will not be any change to the composition of the Board after the Disposal.

The entire amount of the proceeds of the Disposal is intended to be used to finance part of the cash consideration of the Acquisition.

The Directors consider that the terms of the Agreement are fair and reasonable so far as the Company and the Shareholders are concerned and the Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

IMPLICATION OF THE LISTING RULES

Since the applicable percentage ratios as calculated under Rule 14.07 of the Listing Rules represent 25% or more but less than 75% for the Company, the Disposal constitutes a major transaction for the Company under the Listing Rules which is subject to the requirements of reporting, announcement and shareholders' approval pursuant to Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

Given the Purchaser was the controlling Shareholder holding 445,500,000 Shares, representing approximately 50.35% of the issued share capital of the Company as at the date of the Agreement and as at the Latest Practicable Date, the Purchaser was a connected person of the Company as defined under the Listing Rules. As such, the Disposal also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The Disposal is therefore subject to the requirements of reporting, announcement and independent shareholders' approval pursuant to Chapter 14A of the Listing Rules.

Pursuant to the Listing Rules, the transactions contemplated under the Agreement and the Disposal are conditional on the approval by Independent Shareholders by way of poll at the SGM. The Purchaser, Mr. Cheng and their respective associates, with material interest in the Disposal, will be required to abstain from voting in relation to the resolution to approve, among other things, the transactions contemplated under the Agreement and the Disposal at the SGM.

SGM

A notice convening the SGM to be held on Mont Blanc Room, Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong, on Tuesday, 9 September 2008 at 10:00 a.m. is set out on pages 48 to 49 of this circular for the purpose of considering and, if thought fit, passing, with or without amendments, the resolution in respect of the transactions contemplated under the Agreement and the Disposal. A form of proxy for use by the Shareholders at the SGM is enclosed. Whether or not you intend to attend the SGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Secretaries Ltd., at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

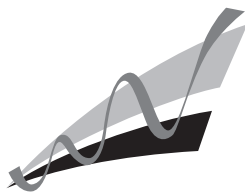
RECOMMENDATION

The Directors are of the opinion that the terms of the Agreement are on normal commercial terms, fair and reasonable and that the Disposal is in the interests of the Company and the Shareholders as a whole. The Directors recommend the Independent Shareholders to vote in favour of the resolution as set out in the notice of SGM to approve, among other things, the transactions contemplated under the Agreement and the Disposal at the SGM.

GENERAL

Your attention is drawn to the letter from the Independent Board Committee, the letter from the Independent Financial Adviser and the additional information set out in the appendices to this circular and the notice of SGM.

By order of the Board
Chan Kam Kwan, Jason
Director



WAH NAM INTERNATIONAL HOLDINGS LIMITED
華南投資控股有限公司*
(incorporated in Bermuda with limited liability)
(Stock Code: 159)

9 August 2008

To the Independent Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION

We refer to the circular of the Company to the Shareholders dated 9 August 2008 (the “Circular”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter will have the same meanings given to them in the section headed “Definitions” of the Circular.

We have been authorised by the Board to form the Independent Board Committee to advise the Independent Shareholders on whether the terms of the Agreement, the transactions contemplated under the Agreement and the Disposal are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

We wish to draw your attention to the letter of advice from the Independent Financial Adviser as set out on pages 14 to 21 of the Circular and the letter from the Board set out on pages 5 to 12 of the Circular.

Having considered, among other matters, the factors and reasons considered by, and the opinion of the Independent Financial Adviser as stated in its letter of advice as set out on pages 14 to 21 of the Circular, we consider that the terms of the Agreement, the transactions contemplated under the Agreement and the Disposal are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole and accordingly recommend the Independent Shareholders to vote in favour of the ordinary resolution in relation to the transactions contemplated under the Agreement and the Disposal to be proposed at the SGM.

Yours faithfully,
For and on behalf of
the Independent Board Committee

Lau Kwok Kuen, Eddie
Independent non-executive Director

Uwe Henke Von Parpart
Independent non-executive Director

Wilton Timothy Carr Ingram
Independent non-executive Director

* *for identification purpose only*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the letter of advice to the Independent Board Committee and Independent Shareholders from Commerzbank, which has been prepared for the purpose of incorporation into this circular, setting out its advice to the Independent Board Committee and Independent Shareholders in connection with the transactions contemplated under the Agreement (as supplemented by the Supplemental Agreement) and the Disposal.

COMMERZBANK

Commerzbank AG Hong Kong Branch
21st Floor, The Hong Kong Club Building
3A Chater Road, Central
Hong Kong

9 August 2008

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Agreement relating to the disposal of the Sale Shares and the assignment of the Shareholder's Loan by the Company to the Purchaser, details of which, amongst other things, are set out in the circular dated 9 August 2008 (the "Circular"), of which this letter forms part. Terms defined in the Circular will have the same meanings when used in this letter unless the context requires otherwise.

On 6 June 2008, the Company, the Purchaser and Mr. Cheng (the sole beneficiary owner of the Purchaser) entered into the Agreement (as supplemented by the Supplemental Agreement dated 31 July 2008), pursuant to which the Company agreed to dispose of and assign, and the Purchaser agreed to acquire the Sale Shares and accept the Shareholder's Loan at the cash consideration (the "Consideration") of HK\$60.0 million, comprising (i) HK\$37,631,679.26 as the consideration for the Sale Shares and (ii) HK\$22,368,320.74 as the consideration for the assignment of the Shareholder's Loan.

Since the Purchaser is the controlling Shareholder, the Purchaser is a connected person of the Company under the Listing Rules and the Disposal constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As the relevant percentage ratios (as defined under the Listing Rules) in respect of the Disposal are more than 25% but less than 75% and the Consideration is more than HK\$10.0 million, the Disposal constitutes a major transaction and a non-exempted connected transaction of the Company under the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Accordingly, the Purchaser, Mr. Cheng and their respective associates, are required to abstain from voting in the resolution in connection with the Agreement and the transactions contemplated thereunder.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Board comprises five Directors with Mr. Cheng and Mr. Chan Kam Kwan, Jason as the executive Directors; and Mr. Lau Kwok Kuen, Eddie, Mr. Uwe Henke Von Parpart and Mr. Wilton Timothy Carr Ingram as the independent non-executive Directors. The Independent Board Committee comprising all of the independent non-executive Directors has been formed to advise the Independent Shareholders in respect of the Disposal and the terms of the Agreement. We, Commerzbank AG Hong Kong Branch, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Disposal and the terms of the Agreement as to whether (i) the Disposal is in the Group's ordinary and usual course of business and is on normal commercial terms; and (ii) the entering into of the Agreement is fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

In formulating our recommendation, we have relied on the information and facts supplied to us by the Company. We have reviewed, among other things, (i) the Circular; (ii) the Agreement; (iii) the Supplemental Agreement; (iv) the Compensation Agreement; (v) the valuation report (the "Valuation Report") in respect of Cableport as prepared by Vigers; and (vi) the annual reports of the Company covering the three years ended 31 December 2007 (the "2006 Annual Report" and the "2007 Annual Report", respectively). We have assumed that all information, opinions and representations contained or referred to in the Circular are true, complete and accurate in all material respects and we have relied on the same. Also, we have relied on the representations made by the Directors that having made all reasonable enquiries and careful decisions, and to the best of their information, knowledge and belief, there is no other fact or representation or the omission of which would make any statement contained in the Circular, including this letter, misleading. We have also assumed that all information, statements and representations made or referred to in the Circular, which have been provided to us by the Company, and for which it is wholly responsible, are true, complete and accurate in all material respects at the time they were made and continue to be so up to the date of despatch of the Circular.

We consider that we have (i) taken reasonable steps as required under Rule 13.80 of the Listing Rules in obtaining all necessary information from the Company; and (ii) reviewed sufficient information to enable us to reach an informed view and to provide us with a reasonable basis for our recommendation. We have no reason to suspect that any material facts have been omitted or withheld, nor are we aware of any facts or circumstances, which would render the information and the representations made to us untrue, inaccurate or misleading. We have not, however, carried out any independent verification of the information provided by the Company; nor have we conducted any independent in-depth investigation into the business and affairs of the Company and their respective associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating and giving our independent financial advice to the Independent Board Committee and the Independent Shareholders in relation to the Disposal and the terms of the Agreement, we have taken into account the following principal factors:

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

1. Background of and the Reason for the Disposal

The Group is principally engaged in (i) the provision of limousine and airport shuttle transportation services in Hong Kong; (ii) the management and operation of toll roads in PRC, and (iii) has recently expanded into the business of mining and processing of mineral resources through the acquisition (the “Acquisition”) of Smart Year Investment Limited in February 2008. Set out below is the summary of the Group’s financial information for the three years ended 31 December 2007:

		For the year ended 31 December		
		2005	2006	2007
		<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
		(Audited)	(Audited)	(Audited)
Revenue				
— Toll road operation	<i>(Note 1)</i>	29,423	15,213	6,432
— Limousine rental services		—	—	14,941
— Airport shuttle rental services		—	—	4,007
		<u>29,423</u>	<u>15,213</u>	<u>25,380</u>
Segment results				
— Toll road operation		17,942	6,908	(2,785)
— Limousine rental services		—	—	119
— Airport shuttle rental services		—	—	524
		<u>17,942</u>	<u>6,908</u>	<u>(2,142)</u>
Profit/(loss) attributable to the Shareholders		<u>11,874</u>	<u>3,869</u>	<u>(6,029)</u>

Sources: *The 2006 Annual Report and the 2007 Annual Report*

Note 1: *revenue from toll road operation for the three years ended 31 December 2007 is recognised on a receipt basis.*

The Group mainly conducts its toll road operations in PRC through three joint ventures, namely Shanxi Xiangyi Road & Bridge Construction Ltd., Shanxi Linhong Road & Bridge Construction Ltd. (together, the “Shanxi Joint Ventures”) and HHED. The Shanxi Joint Ventures mainly conduct toll road and bridge operations in Xiangyi and Linhong, Shanxi Province, PRC, whereas HHED operates the Toll Road located at National Highway No. 320 in Hangzhou City, connecting the traffic between Zhejiang Province and Anhui Province and Jiangsu Province. The Toll Road is a restricted grade one national highway between Shanhusa and Jinjialing with a length of approximately 11.934 kilometres and tolls are collected for all traffic from Fuyang City to Hangzhou

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City. As advised by the management of the Company, the Group had discontinued to recognise its share of losses of the Shanxi Joint Ventures due to the substantial loss incurred by the Shanxi Joint Ventures in the past years. As a result, the financial information relating to the Group's toll road operations for the three years ended 31 December 2007 mainly referred to the financial performance of the Toll Road.

The operating rights of the Toll Road owned by HHED has a term of 30 years, commencing from 4 April 1994 to 3 April 2024. HHED is a Sino-foreign joint venture established in 1994 and its registered capital is owned as to 60% by Cableport and as to the remaining 40% by two independent PRC joint venture partners. As disclosed in the 2006 Annual Report, pursuant to Instruction No. 197 and No. (2003) 31 (the "Instruction") issued by the Hangzhou City Government on 26 October 2003, commencing from 1 January 2004, all automobiles registered in Hangzhou City are exempted from toll payments. For purpose of compensating HHED the loss of toll receipts collected from automobiles under the Instruction, HHED, in January 2005, entered into an agreement with the Hangzhou City Government, pursuant to which, the Hangzhou City Government would grant a daily compensation of RMB50,000 (the "Initial Daily Compensation") to HHED for the loss of toll receipts commencing from January 2005. The management of the Company has confirmed that the terms of the said agreement, including the Initial Daily Compensation for subsequent years, are subject to annual review of the Hangzhou City Government. Assuming that the Initial Daily Compensation of RMB50,000 has remained unchanged and excluding the compensation of approximately HK\$7.80 million, being part of the total outstanding Initial Daily Compensation paid by the Hangzhou City Government for the year ended 31 December 2006 during 2006, the management of the Company estimated that, in June 2008, the aggregate Initial Daily Compensation outstanding for the two years ended 31 December 2007 and the five months ended 31 May 2008 would amount to approximately HK\$37.0 million. In view of the said long outstanding initial compensation receivable from the Hangzhou City Government, the Company, in March 2007, submitted a petition to the PRC court against the Hangzhou City Government, seeking a judgement on such outstanding compensation. As disclosed in the 2007 Annual Report, the PRC court raised the first court hearing in February 2008. According to the Company's legal advisers as to PRC law, the Hangzhou City Government has agreed that the said outstanding compensation from Hangzhou City Government will be settled when such amount is finalised between the Parties. Due to the lack of any agreement/settlement between the Group and the Hangzhou City Government, the said initial outstanding compensation from Hangzhou City Government was not reflected in the financial statements of the Company as contained in the 2007 Annual Report.

As disclosed in the section headed "Letter from the Board" of the Circular, on 30 July 2008, HHED entered into the Compensation Agreement with Hangzhou City Government pursuant to which, Hangzhou City Government agreed to pay HHED the Initial Daily Compensation of RMB50,000 for the year ended 31 December 2006 and RMB51,250 (the "Adjusted Daily Compensation") for the three years ending 31

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December 2009. The management of the Company estimated that, as at the Latest Practicable Date, the outstanding compensation (excluding the amount of HK\$7.8 million received during 2006) under the Compensation Agreement for the two years ended 31 December 2007 and the five months ended 31 May 2008 would be increased to approximately HK\$41.3 million (the “Adjusted Total Outstanding Compensation”). However, despite the recent entering into of the Compensation Agreement, the management of the Company has confirmed that, as at the Latest Practicable Date, the litigation between the HHED and the Hangzhou City Government in respect of the outstanding compensation from Hangzhou City Government (which amounted to the Adjusted Total Outstanding Compensation of approximately HK\$41.3 million estimated by the management of the Company as at the Latest Practicable Date) has not been settled and that the timing and recoverability of such outstanding compensation has remained uncertain.

Having considered (i) the uncertainty as to the timing and the amount relating to settlement of the Adjusted Total Outstanding Compensation by the Hangzhou City Government ; (ii) the avoidance of the Company from incurring further operating losses for the Toll Road after the Disposal and (iii) the intention of the Group to place more focus and resources in the development of its natural resources business, we concur with the Directors’ view that the Disposal forms part of the Group’s new business development strategy and, accordingly, the Disposal is in the ordinary and usual course of business of the Group.

2. Major terms and condition of the Agreement and Supplemental Agreement

Completion (as supplemented by the Supplemental Agreement) is subject to (i) the approval of the Independent Shareholders at the SGM as required under Chapter 14A of the Listing Rules and (ii) the parties to the Agreement having obtained the relevant permits, approvals, authorization and waivers for the entering into and consummation of the transactions contemplated under the Agreement. In the event that the above-mentioned conditions precedent are not fulfilled or waived prior to 18 September 2008 (or such other date as the parties to the Agreement may agree in writing), the Purchaser and the Company shall not be bound to proceed with the sale and purchase of the Sale Shares nor the assignment of the Shareholders’ Loan. The cash Consideration will be settled upon Completion.

3. The Consideration

The Consideration is arrived at after arm’s length negotiations between the Parties with reference to the face value of the Shareholder’s Loan and the fair value of Cableport’s 60% equity interest in HHED. The consideration for the assignment of the Shareholder’s Loan is the same as the monetary value of the Shareholder’s Loan of approximately HK\$22.4 million. The remaining Consideration of approximately HK\$37.6 million represents the consideration for the Sale Shares, which is determined

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with reference to the preliminary business valuation (the “Valuation”) of the Company’s attributable interest in HHED of approximately HK\$36.1 million as at 31 May 2008 as performed by Vigers and disclosed in the Company’s announcement dated 13 June 2008 (subsequently adjusted to approximately HK\$35.2 million as stated in the Valuation Report). The consideration for the Sale Shares represents a premium of approximately 6.8% over the Valuation.

We have reviewed and discussed with Vigers regarding the methodology of, and bases and assumption adopted for the Valuation and noted that the Valuation is primarily calculated by discounting the future cash flow derived from the Toll Road and is based on a number of assumptions (details of which are disclosed in the Valuation Report contained in Appendix II to the Circular), with reference to, particularly (i) the economic outlook in general and the specific economic environment related to the Toll Road; (ii) the historical traffic flow of the Toll Road from 2005 to 2007; and (iii) the competitive advantages and disadvantages of the Toll Road and the potential diversion to its competitors. However, it is noted that the Valuation is based on the assumptions that (i) HHED will receive the Adjusted Daily Compensation of RMB51,250 from 2008 to 2024 and the Adjusted Total Outstanding Compensation of approximately HK\$41.3 million (despite its uncertainty as to whether the outstanding and the future Adjusted Daily Compensation will be received from the Hangzhou City Government as discussed above) is recoverable; and (ii) the MI Receivables of approximately HK\$52.7 million is not included. Given the declining business operations of the Toll Road and the aforesaid litigation relating to the payment of the Compensation (both outstanding and future) by the Hangzhou City Government, we consider that the said methodology is a reasonable approach in establishing the Valuation.

As disclosed in the 2007 Annual Report, the MI Receivables of approximately HK\$52.7 million represented the unsecured amounts due from the two independent PRC joint venture partners of HHED and is interest-free with no fixed term of repayment. As disclosed in the 2007 Annual Report, the MI Receivables may be settled through the future dividends to be declared by HHED, the ability of which to declare dividend is dependent on both the future profitability of HHED from its daily operations and the aforesaid daily compensation to be received from the Hangzhou City Government. In view of the continuous decline in the Toll Road’s operations as a result of the growing competition from Hangqian Expressway (as detailed below) and the pending court decision relating to the outstanding compensation from Hangzhou City Government, not to mention the future settlement of the Initial Daily Compensation of RMB50,000 (which is increased to RMB51,250 under the Compensation Agreement) from 2008 to 2024, the Company’s auditors expressed a qualified opinion in this regard on the basis that they were not able to obtain financial information from these minority shareholders of HHED for the purpose of assessing their ability to repay the MI Receivables if HHED is not able to declare sufficient dividends to realise the MI Receivables. Accordingly, the relevant amount of allowance required in respect of the MI Receivables cannot be determined, we concur with the Valuer’s view not to include the MI Receivables in the calculation of the Valuation.

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Given that the Consideration represents a premium to the Valuation and the Valuation includes the Adjusted Total Outstanding Compensation of approximately HK\$41.3 million which is subject to the decision of the PRC court, the failure to receive which will result in a further reduction in the Valuation (and in that case, the Consideration would represent an even higher premium over the Valuation), we consider that the Consideration is fair and reasonable and is in the interest of the Company and the Shareholders as a whole and the terms of the Agreement are on normal commercial terms.

4. Financial impacts of the Disposal

(i) *Earnings*

Based on the Cableport NAV as at 31 December 2007, the Group is expected to record a loss of approximately HK\$6.5 million as a result of the Disposal. Following the Completion, Cableport will cease to be a subsidiary of the Company and its assets, liabilities and financial results will no longer be consolidated into the consolidated financial statements of the Company and the whole business segment of management and operation of toll road of the Group in PRC will be terminated after the Disposal. Given the facts that it is doubtful as to whether the Company will receive the Adjusted Total Outstanding Compensation and the future Adjusted Daily Compensation relating to the Toll Road from the Hangzhou City Government and the Company has incurred operating expenses from the Toll Road, the Disposal will avoid the Group to incur further operating losses from the Toll Road and allow the Group to concentrate its resources in the development of its natural resources business.

(ii) *Gearing and working capital*

According to the 2007 Annual Report, the Group had net debt of approximately HK\$71.9 million (being the aggregate of the Company's interest-bearing borrowings of approximately HK\$111.9 million, including bank borrowings of approximately HK\$27.8 million and convertible notes of approximately HK\$84.1 million, less the cash and bank balances of approximately HK\$40.0 million) and equity attributable to the Shareholders of approximately HK\$208.3 million as at 31 December 2007, the gearing ratio of the Group (expressed as a percentage of the Company's net debt over equity attributable to Shareholders) was approximately 34.5%. Given that the Group will receive a cash consideration of HK\$60.00 million upon Completion, the gearing ratio of the Group is expected to decrease accordingly.

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(iii) Net asset value

As disclosed in the section headed “Letter from the Board” of the Circular, upon Completion, the total assets of the Group is expected to be reduced by approximately HK\$85.7 million, and the total liabilities and amount due to minority interest of the Group is expected to be reduced by approximately HK\$1.3 million and approximately HK\$77.9 million, respectively. Accordingly, the net asset value of the Group will be decreased by approximately HK\$6.5 million as a result of the Disposal.

CONCLUSION AND ANALYSIS

As stated in the Valuation Report, the Toll Road has been under severe competition in recent years, particularly after the establishment of the Hangqian Expressway in 2005 which diverted the traffic flow from the Toll Road. From 2005 to 2007, the Toll Road recorded continuous decline in traffic flow from 874,259 in 2005 to 382,896 in 2007, or a decrease of approximately 56.2%. As a result, the Cableport Group’s results substantially decreased from profit after tax of approximately HK\$5.8 million for the year ended 31 December 2006 to a loss of approximately HK\$2.6 million for the year ended 31 December 2007. In addition, given that the travelling time from Fuyang City to Hangzhou City through Hangqian Expressway is shorter than the Toll Road, the management of the Company expected that the traffic using the Toll Road will be further reduced. Having considered (i) the historical performance of the Toll Road and the growing competition; (ii) the uncertainty as to the settlement of the outstanding compensation from, and the future payment of the Adjusted Daily Compensation of RMB51,250 by the Hangzhou City Government; (iii) the diversification of the Company’s business into the provision of limousine and airport shuttle transportation services in Hong Kong and the mining and processing of mineral resources as a result of the aforesaid factors; and (iv) the Company’s intention to use the proceeds from the Disposal to finance part of the Acquisition, we are of the view that the Disposal will not only represent an opportunity for the Group to divest its declining business in toll road operations and management in PRC but also prevent the Group from incurring further losses from the Toll Road and enable the Group to realise cash proceeds for its future expansion into the newly emerged natural resources business.

RECOMMENDATION

Based on the above principal factors and reasons, we consider that the Disposal is in the ordinary and usual course of business of the Group and terms of the Agreement (as supplemented by the Supplemental Agreement) are on normal commercial terms and are fair and reasonable in so far as the Independent Shareholders are concerned and the Disposal is in the interest of the Company and the Shareholders as a whole. Accordingly, we would recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution in relation to the Agreement at the SGM.

Yours faithfully,

For and on behalf of

Commerzbank AG Hong Kong Branch

Kenneth Chan

Head of Corporate Finance – Asia Pacific

Gaston Lam

Corporate Finance – Asia Pacific

1. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

In year 2007, as the Group was uncertain when and how much it can recover from the claims against the Hangzhou City Government, while continuing the litigation, the Group had placed more effort in provision of limousine and airport shuttle transportation services in Hong Kong through Perryville Group and would further look for new investment opportunities. Currently the Group has contracts with over 40 hotels to supply its limousine rental services. Looking ahead, the demand of the high-end limousine rental services is increasing in the PRC and the Perryville Group is now establishing footsteps in Shenzhen, Guangzhou, Shanghai and Beijing to capture the market shares in these unexplored markets. Leveraging on our expertise and successful experience in Hong Kong, the Group is very optimistic about its future.

As stated in the announcement of the Company dated 12 February 2008, the Group signed a conditional agreement to acquire a company in Yunnan Province which is principally engaged in exploitation, processing and sale of copper, lead, zinc, arsenic, silver and other mineral resources. The completion of the Acquisition will be subject to certain conditions including the approval of the Shareholders. The Acquisition would allow the Group to further diversify its income base. In view of the increase in demand for natural resources in the world and the increase in the prices of mineral resources over the past years, the Group is optimistic about the future prospects and demand for natural resources. The strong and sustainable growth momentum of the PRC economy and the continuous development of the cities, infrastructure and real estate sectors, demand for mineral resources and their related products will continue to grow robustly. The Group will continue to look for good investment opportunities in the same or in different business areas in order to enhance the long-term value for the Shareholders. The Group will seek ways to further strengthen its capital and liquidity base to facilitate our further business expansion and organic business growth.

2. INDEBTEDNESS STATEMENT

The Company is in the process of acquiring the entire issued share capital in Smart Year Investment Limited (together with its subsidiaries, the “Smart Year Group”), details of which are disclosed in the circular of the Company dated 30 June 2008.

Set out below are the overall indebtedness of the Group and the Smart Year Group (“the Enlarged Group”) assuming that the completion of the Acquisition had been completed on 31 May 2008.

At the close of business on 31 May 2008, being the latest practicable date for the purpose of ascertaining certain information relating to this indebtedness statement prior to the printing of this circular, the Enlarged Group had secured bank borrowings of approximately HK\$23,422,000, finance lease obligations of approximately HK\$4,935,000 and the principal amounts and the carrying amounts of the debt component of the convertible notes of HK\$513,500,000 and approximately HK\$280,088,000 respectively.

The secured bank borrowings and the finance lease obligations of the Enlarged Group were secured by the motor vehicles with net book value of approximately HK\$36,636,000 as at 31 May 2008. The secured bank borrowings of the Enlarged Group were guaranteed by former shareholder of Perryville Group Limited and related parties of such former shareholder.

As at 31 May 2008, the Enlarged Group has pledged the exploitation rights relating to the Damajianshan mine* (綠春鑫泰礦業有限公司大馬尖山銅礦) (the “Mine”), the mining licence in relation to the Mine and certain property, plant and equipment with net book value of approximately RMB22,290,000 (equivalent to approximately HK\$25,090,000) to the bank to secure the repayment obligations of Yunnan Rui Juyang Trading Company Limited* (雲南銳聚源商貿有限公司) and Yunnan Maosheng Yuan Industry And Trade Company Limited* (雲南貿盛緣工貿有限公司) of bank borrowings in the aggregate amount of RMB60,000,000.

As at 31 May 2008, the Enlarged Group had amounts due to related parties amounted to RMB20,050,000 (equivalent to approximately HK\$22,568,000).

Save as aforesaid and apart from intra-group liabilities, the Enlarged Group did not have, as close of business on 31 May 2008, any bank borrowings, bank overdrafts, liabilities under acceptances or other similar indebtedness, debentures or other loan capital, mortgages, charges finance lease, hire purchase commitments, guarantees or other material contingent liabilities outstanding.

The Directors are not aware of any material adverse change in the Enlarged Group’s indebtedness and contingent liabilities since the close of business on 31 May 2008.

3. WORKING CAPITAL

In determining the sufficiency of the working capital of the Enlarged Group, the Directors have made the assumption that the Company will raise sufficient funds (including but not limited to equity financing such as placement of new shares) to finance its cash payment obligations under the S&P Agreement and the operation of the Enlarged Group (including but not limited to its capital expenditure).

* For identification purpose only

The Directors are of the opinion that after taking account of the internal resources, available bank borrowing facilities, the net proceeds from the Disposal and based on the assumption set out in the preceding paragraph, the Enlarged Group, following the completion of the Acquisition and the Disposal, will have sufficient working capital, in the absence of unforeseen circumstances, for its present requirements, that is for at least the next 12 months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there was no material adverse change in the financial or trading position of the Group since 31 December 2007, being the date to which the latest published audited financial statements of the Group were made up.

5. SUMMARY OF AUDIT OPINION

The following paragraphs are extracted from the independent auditor's report that included in the 2007 Annual Report.

“Basis for qualified opinion

Included in the consolidated balance sheet as at 31 December 2007 are toll road operation rights stated at an aggregate carrying amount of approximately HK\$82,203,000 (2006: HK\$81,414,000) held by Hangzhou Huanan Engineering Development Co. Ltd. (“HHED”), a subsidiary of the Company. As explained in note 5 to the consolidated financial statements, the directors of the Company have performed an impairment assessment of these toll road operation rights in the People's Republic of China (the “PRC”), and concluded that no impairment loss is required in respect of the toll road operation rights. The assessment was made based on the assumption that the Group will receive a daily compensation of RMB50,000 from the Hangzhou City Government, the PRC (“Government”) in future years. Other than the amount already received during the year ended 31 December 2006 as detailed below, the Group is still negotiating with the Government as to the remaining amount of compensation to be received by the Group, details of which are set out in notes 8 and 16 to the consolidated financial statements. Other than the compensation of HK\$7,804,000 received in 2006, no further compensation has been received or recognized by the Group since then. The Group's PRC lawyer has advised that a civil petition (「民事起訴狀」) was submitted to the PRC court against the Government seeking a judgement on the compensation amount, but the court decision is still pending. However, the Group's PRC lawyer has further advised that the Government has agreed that compensation will be paid to the Group once the amount thereof is finalised. In the absence of an agreement between the Group and the Government, or the court decision, as to the final amount of daily compensation in respect of the years ended 31 December 2006, and 31 December 2007 and thereafter, we were unable to assess whether any impairment loss against the toll road operation rights is required.

In addition, included in the consolidated balance sheet as at 31 December 2007 are deferred tax assets with an aggregate carrying amount of approximately HK\$4,094,000 (2006: HK\$4,048,000) in respect of the repairs and renovation costs and impairment loss on toll road operation rights as described in note 29 to the consolidated financial statements. The recoverability of these deferred tax assets is dependent on the ability of HHED to generate future taxable profits which in turn, is dependent on the amount of daily compensation to be received from the Government as described above. Because of the matter explained in the preceding paragraph, we were unable to assess whether these deferred tax assets should be reversed.

Included in the consolidated balance sheet as at 31 December 2007 are amounts due from minority shareholders of HHED with an aggregate carrying amount of approximately HK\$52,674,000 (2006: HK\$48,872,000). As explained in note 22 to the consolidated financial statements, such amounts may be settled through dividends to be declared by HHED at the discretion of the directors of HHED. As stated above, the ability of HHED to declare dividends is dependent on the profitability of HHED which in turn, is dependent on the amount of daily compensation received from the Government. We were unable to obtain financial information regarding the minority shareholders to assess their ability to repay these amounts in the event that HHED is unable to declare sufficient dividends to realise the amounts due from the minority shareholders. Against this background, we were unable to assess whether allowance is required in respect of the amounts due from these minority shareholders.

There were no alternative audit procedures that we could adopt to satisfy ourselves that the carrying amounts in respect of the toll road operation rights, deferred tax assets and amounts due from minority shareholders of HHED are free from material misstatement. Any adjustment found to be necessary to these amounts would affect the net assets of the Group as at 31 December 2006 and 2007 and its loss for the years ended 31 December 2006 and 2007. The matters referred to above caused us to qualify our audit opinion on the consolidated financial statements of the Group for the year ended 31 December 2006.

Qualified opinion arising from limitation of audit scope

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the matters set out in the basis for qualified opinion paragraphs above, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2007 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.”



Vigers Appraisal & Consulting Limited
International Assets Appraisal Consultants

10th Floor, The Grande Building
398 Kwun Tong Road
Kowloon
Hong Kong

Date: 9 August 2008

The Directors
Wah Nam International Holdings Ltd.
Suite 3906,
Far East Finance Centre,
16 Harcourt Road,
Admiralty, Hong Kong.

Dear Sirs/Madams,

VALUATION OF THE INTEREST OF CABLEPORT HOLDINGS LIMITED

In accordance with the instruction from Wah Nam International Holdings Limited (the “Company”), we have carried out a valuation of the interest of the Cableport Holdings Limited (the “Interest”) as at 31 May 2008 (the “Valuation Date”). The purpose of this report is to provide an independent opinion on the market value of the Interest as of the Valuation Date. We understand this valuation is required for the purpose of possible transfer.

SCOPE OF VALUATION

Interests

The Scope of valuation represents the 100% equity interest of the Cableport Holdings Limited (the “Cableport”). Cableport is an investment holding company and a direct wholly-owned subsidiary of the Company. Cableport owns 60% equity interest in Hangzhou Huanan Engineering Development Company Limited (the “HHED”), which in turn holds the right of management and operation of the toll road located at the 320 National Highway in Hangzhou (the “Toll Road”). Base on the operating period as reflected on the business license (企合浙杭總字第0001780號), the Toll Road can be operated till 3 April 2024.

BACKGROUND OF THE TOLL ROAD AND INTERESTS OF THE COMPANY

Toll Road — The Toll Road is located at 320 National Highway of Hangzhou, from Xihu region-Shanhusha to Jinjialing, with length of 11.9 kilometers. The main users of the Toll Road are those who frequently travel from Fuyang to Hangzhou. However, the Toll Road is only accounted for traffic flow in the direction from Fuyang to Hangzhou, the reverse direction of Toll Road is currently operated by another company.

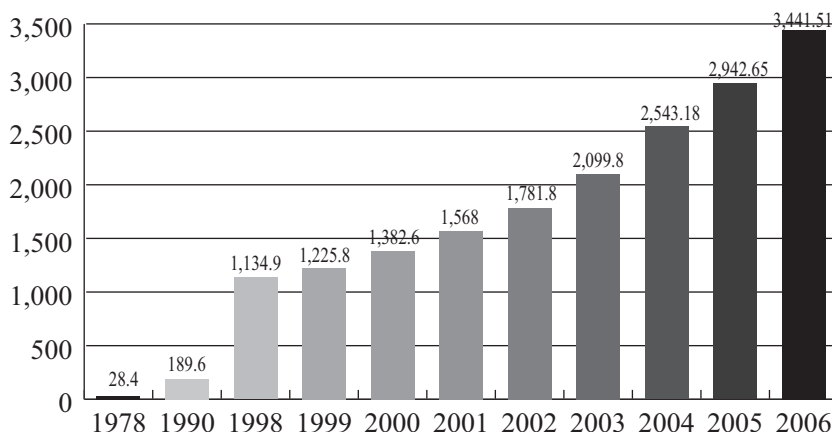
Pursuant to terms of documents provided, HHED is owned by three shareholders. The investment capital contributed by the Cableport Holdings Ltd. and Hangzhou Traffic Investment Company Limited (杭州交通投資有限公司) and Hangzhou Luda Freeway Engineering Company Limited (杭州路達公路工程總公司) are accounted for 60.0%, 33.7% and 6.3% of registered capital which equivalent to the amount of RMB102.0 million, RMB57.4 million and RMB10.6 million respectively.

Overview of Hangzhou and Toll Road

Hangzhou: Hangzhou is located in Zhejiang Province and eastern region of the PRC. It is an important region in relation to the development of education and economy in PRC. In 2008, the population of Hangzhou was 6.6 million, the population density was 401 person/sq km, and it was recognized as “The best commercial city in PRC (中國大陸最佳商業城市)” by Fortune.

The economic growth of Hangzhou is also in a strong position. Pursuant to the figures in 杭州統計訊息網, the GDP of Hangzhou grew from RMB138.3 billion in 2000 to RMB344.2 billion in 2006, which represented 16% of annual growth. Textile, drink, medicine, machinery and electronic communication are the main industries of the region, which accounted for 59.6% of total value of the industry in Hangzhou. In 2005, Hangzhou was ranked in second among fifteen cities of sub-provincial in PRC in term of the value of production in which Guangzhou was the top of the rank.

杭州地區生產總值(億元)
Hangzhou's GDP (100 million yuan)



Toll Rate: The current toll rate applies to three different types of vehicles are shown as following:

Type	1	2	3
Weight of Vehicle (<i>Tons</i>)	Below 2	Over 2 and below 5	Over 5
Charge (<i>RMB</i>)	10/vehicle	20/vehicle	30/vehicle

With reference to the discussion with management, the local vehicles (內地車) are not charged for the use of Toll Road, and the government will pay back RMB50,000 per day to the Toll Road as the compensation. In effect, the income of the Toll Road is generated from the toll rate of foreign vehicles (外地車), monthly ticket and other operating income.

In our course of investigation, we observed the following problem on the competitiveness of the Toll Road. Prior to 2005, the Toll Road was the main road from Fuyang to Hangzhou. However, it is found that the operation of 杭千高速公路 (Hangqian Expressway)*, which was established in 2005, may cause a possible diversion of traffic flow from the Toll Road. From 2005 to 2007, the Toll Road has recorded traffic flows of foreign vehicles (外地車) of 874,259, 472,806 and 382,896 per year respectively. Based on the historical traffic figures of the Toll Road, the number of vehicles in 2006 decreased by 46% as compared to the figures in 2005. The drop in 2007 has reduced to 19%. Since the traveling time could be shortened by driving through 杭千高速公路 (Hangqian Expressway)* from Fuyang to Hangzhou, it is expected that the number of vehicle through the Toll Road would be further reduced in 2008. This is witnessed by a drop on the traffic flow from January 2008 to May 2008.

BASIS AND METHODOLOGY OF VALUATION

Our appraisal has been carried out on a market value basis. **Market Value** is defined as the estimated amount for which an asset should be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In arriving at our opinion of value, we make reference to three generally accepted approaches to value, namely; the **Market Approach**, the **Cost Approach** and the **Income Approach**.

Market Approach considers prices recently paid for similar assets, with adjustments made to indicate market prices to reflect condition and utility of the appraised assets relative to the comparable market transactions.

Cost Approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation as condition or obsolescence present, whether arising from physical, functional or economic causes.

* For identification purpose only

Income Approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for asset than an amount equal to the present worth of anticipated future benefits (income) from the same or equivalent asset with similar risk.

Determination of the Valuation Approach

Market approach is not appropriate since market transactions on toll road interest may not be comparable in terms of their geographical locations, forms of operation and financial structure. Second, since the subject being appraised has “going-concern”, Cost approach will not be considered. Therefore, Income Approach is adopted in the valuation of the Toll Road.

Traffic Flow Estimation

Estimation on the number of vehicle flow of the Toll Road not only make references to the historical traffic records of Toll Road for the year 2005-2007 but also consider possible diversion of traffic flow by the neighboring highway. It is estimated that annual number of vehicle flow with capacity below 2 tons, capacity between 2 and 5 tons and capacity over 5 tons (excluding 5 tons) are 263,700, 41,000 and 26,650 in 2008 respectively. We also assumed the diversion impact on the traffic growth may be stabilized in 2010. The following set out the historical record of each types of vehicles:

Vehicles	Below 2 tons	2 and 5 tons	Over 5 tons
2005	702,349	111,294	60,616
2006	368,916	69,799	34,091
2007	304,669	47,435	30,792
2008 (January-May)	124,017	17,116	12,171

Cash Flow Projection

The value of the Toll Road is estimated by the Discounted Cash Flow method (DCF method) which captures the net present worth of all future economic benefits contributed by the Toll Road operation. The future economic benefits is measured by the free cash flow to equity (“FCFE”) which is the projected toll income after the deduction of operating expenses, financial charges, possible capital expenditure, working capital and repayment of loan.

Information Reviewed

Our valuation requires consideration of all relevant factors affecting the operation of the business and its ability to generate future investment returns. The factors considered in the valuation included, but were not limited to, the followings:

- The business nature of the enterprise, business license, articles of association, business agreement and contracts;

- The economic outlook in general and the specific economic environment related to the Toll Road in Hangzhou;
- Traffic track record of Toll Road from 2005 to 2007;
- Financial statements of HHED for the year of 2005 to 2007;
- Legal documents from the PRC Government on the approval of the Toll Road operation and toll rate being charged;
- Inspection of the current condition of the Toll Road. However, we have not been commissioned to carry out a structural survey, nor to arrange for an inspection of the services such as electricity supply. Only a full structural survey can provide you with a view as to whether the building is free from defects or as to the possibility of latent defects which might affect our valuation.
- The financial and business risk of the Toll Road including the trend of income and the related expense;
- Competitive advantages and disadvantages of the Toll Road and potential diversion to other competitors.

We have reviewed the information required, which is considered sufficient for the issue of the valuation report of the type in question and we believe no material factor has been intentionally omitted or withheld from the given information in order to reach an informed view.

Assumptions

Assumptions considered to have significant sensitivity effects in this valuation were evaluated and validated in order to provide a more accurate and reasonable basis for arriving at our assessed value. Based on our experience in valuing businesses of similar nature, we consider the assumptions made in this valuation report to be reasonable.

Our major assumptions are listed as follows:

- There will be no material adverse change in the political, legal, fiscal or economic condition in the PRC and other regions in which the enterprise carries on its business;
- The enterprise will retain its key management, competent personnel and technical staff to support its ongoing operation;
- Market trend and conditions for the Toll Road in related areas will not deviate significantly from the economic forecasts in general;

- Revenues of the Toll Road have taken into account of the toll incomes only. We have not made any estimates on impoundable as interest or other incomes. Growth rate on revenues is assumed to have 2% every five years from 2010;
- It is observed that the toll rate of the Toll Road had not been changed from 1996 despite the inflation experienced in China. It is assumed that all charges will be same throughout the valuation period, and details is shown below:

Type	1	2	3
Charge (RMB)	10/vehicle	20/vehicle	30/vehicle

- The valuation is prepared on the assumption that the premises in relation to the Toll Road operation are in sound structural condition and that all services are free from defect;
- We assumed the government compensation remains and the amount of compensation will have no change during the valuation period. We also assumed the outstanding compensation can be recovered;
- We have also taken into account the view of the Company in relation to the collection of the MI Receivables in the valuation, and hence assumed that the MI Receivables are not recoverable in this valuation.

We have assumed the reasonableness of information provided and relied to a considerable extent on such information in arriving at our opinion of value.

Discount Rate

The discount rate being applied in the DCF model is 10.7%, which is the estimated required rate of return on equity invested in Toll Road operation in People's Republic of China (PRC). We derived the discount rate based on the Capital Asset Pricing Model ("CAPM") which is given by:

Required rate of return on equity = Risk Free Rate + Estimated Beta x Market Risk Premium

In applying the CAPM to estimate the discount rate, we have made reference to the followings in our estimation:

- i. The yield of the Hong Kong Exchange Fund Notes in estimating the Risk Free Rate;
- ii. The market return in Hong Kong; and the return on equity of Hong Kong listed company which engaged in toll road industry or similar line of business in PRC and oversea;
- iii. The firm specific risk of the Toll Road operation such as fluctuation of traffic flow as a result of possible diversion and the toll rate policy of other competitors.

The required rate of return on equity estimated by CAPM explains only a portion of the total risk, the systematic risk, of an equity investment. We have considered appropriate adjustments to be made on the unsystematic risk or factors might affect the value of the assets being evaluated such as firm-specific risk.

OPINION OF VALUE

Based on the aforesaid investigation, analysis and appraisal method employed, it is our opinion that, as of 31 May 2008, the market value of the Interest is reasonably and approximately stated as Hong Kong Dollar Thirty Five Million One Hundred Ninety Thousand only (HKD35,190,000).

As a sensitivity test, the following set out the value of the Interest under the change of discount rate and the growth rate of the revenue. Under the sensitivity test of discount rate, it tested for the change of value of the Interest if the discount rate applied to the valuation of Toll Road has been adjusted upward or downward by 1%. Under the sensitivity test of growth rate on revenues, it tested for the value of the Interest if the estimated growth rate on revenues for each year adjusted upward or downward by 1%.

Discount rate	Decrease by 1%	Increase by 1%
Value of Interest	HKD37,750,000	HKD32,850,000

Growth rate on revenues	Decrease by 1%	Increase by 1%
Value of Interest	HKD34,700,000	HKD35,720,000

The opinion of value was based on generally accepted appraisal procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

We hereby certify that we have neither present nor prospective interests in the assets or the value reported.

Yours faithfully,
For and on behalf of

VIGERS APPRAISAL & CONSULTING LTD.

Raymond Ho Kai Kwong
Registered Professional Surveyor
MRICS, MHKIS, MSc (e-com)
Executive Director

Favian Kam Man Yin
Chartered Financial Analyst
CFA, MBA
Director

Note: Raymond K. K. Ho, Chartered Surveyor, MRICS, MHKIS has seventeen years experience in undertaking valuation of properties in Hong Kong, Macau and the PRC and has extensive experience in business valuation in the Greater China region since 1993. Favian M. Y. Kam, CFA, has over eight years experience in business valuation.

(A) REPORT FROM SHU LUN PAN HORWATH HONG KONG CPA LIMITED



Shu Lun Pan Horwath Hong Kong CPA Limited
香港立信浩華會計師事務所有限公司
20th Floor, Central Plaza
18 Harbour Road
Wanchai, Hong Kong
Telephone : (852) 2526 2191
Facsimile : (852) 2810 0502
horwath@horwath.com.hk
www.horwath.com.hk

9 August 2008

The Board of Directors
Wah Nam International Holdings Limited
Suite 3906, Far East Finance Centre
16 Harcourt Road
Admiralty
Hong Kong

Dear Sirs

We report on the calculations of the discounted future estimated cash flows on which the business valuation (the “Valuation”) dated 9 August 2008 prepared by Vigers Appraisal & Consulting Limited (the “Valuer”) in respect of the 100% equity interest in Cableport Holdings Limited (“Cableport”) as at 31 May 2008 set out in Appendix II of the circular of Wah Nam International Holdings Limited (the “Company”) dated 9 August 2008 (the “Circular”) in connection with the proposed disposal of the entire equity interest in Cableport.

Respective responsibilities of the directors of the Company, the Valuer and the reporting accountants

The directors of the Company and the Valuer are solely responsible for the preparation of the discounted cash flows for the valuation which is regarded as a profit forecast under the Rule 14.61 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”).

It is our responsibility to report, as required by rule 14.62(2) of the Listing Rules, on the calculations of the discounted future estimated cash flows on which the Valuation is based. The discounted future estimated cash flows do not involve the adoption of accounting policies. The discounted future estimated cash flows depend on future events and on a number of bases and assumptions which cannot be confirmed or

verified in the same way as past results and not all of which may remain valid throughout the period. Consequently, we have not reviewed, considered or conducted any work on the appropriateness and validity of the bases and assumptions and express no opinion on the appropriateness and validity of the bases and assumptions on which the discounted future estimated cash flows, and thus the Valuation, are based.

Basis of opinion

We conducted our work in accordance with Hong Kong Standard on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to the procedures under Auditing Guideline 3.341 “Accountants’ report on profit forecasts” issued by the Hong Kong Institute of Certified Public Accountants. We examined the discounted future estimated cash flows. Our work has been undertaken solely to assist the directors of the Company in evaluating whether the discounted future estimated cash flows, so far as the calculations are concerned, has been properly compiled. We accept no responsibility to any other person in respect of, arising out of or in connection with our work. Our work does not constitute any valuation of Cableport.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled in accordance with the bases and assumptions made by the directors of the Company as set out in Appendix II of the Circular.

Yours faithfully,

For and on behalf of

Shu Lun Pan Horwath Hong Kong CPA Limited

Certified Public Accountants

Hong Kong

Shiu Hong Ng

Director

Practising Certificate number P03752

(B) REPORT FROM OPTIMA CAPITAL LIMITED

Unit 3618, 36th Floor,
Bank of America Tower
12 Harcourt Road, Central
Hong Kong

9 August 2008

The Board of Directors
Wah Nam International Holdings Limited
Unit 3906, 39th Floor
Far East Finance Centre
16 Harcourt Road
Admiralty
Hong Kong

Dear Sirs,

We refer to the valuation prepared by Vigers Appraisal & Consulting Limited (“Vigers”) in relation to the value of the 100% equity interest in Cableport (the “Valuation”). The report of Vigers is included in appendix II to a circular dated 9 August 2008 (the “Circular”) issued by the Company. Capitalised terms used herein shall have the same meanings as those defined in the Circular unless the context herein requires otherwise.

We note that the Valuation, which has been developed based on the cash flow projection of Cableport (the “Projection”) using discounted cash flow analysis, is regarded as profit forecast under Chapter 14 of the Listing Rules.

We have reviewed the Valuation for which Vigers is responsible and discussed with the management of the Company and Vigers regarding the basis and assumptions of the Valuation. We have also reviewed the letter issued by Shu Lun Pan Horwath Hong Kong CPA Limited dated 9 August 2008 as set out in Appendix III (A) to the Circular regarding whether the Projection, so far as the arithmetical accuracy of the calculations are concerned, has been properly compiled in accordance with the assumptions made by the Directors and adopted by Vigers.

On the basis of the foregoing comprising the Valuation and the arithmetical accuracy of the calculations reviewed by Shu Lun Pan Horwath Hong Kong CPA Limited, we are of the opinion that the Projection underlying the Valuation, for which the Directors are solely responsible, has been made after due and careful enquiry.

Yours faithfully,

For and on behalf of

Optima Capital Limited

Gary Mui

Executive Director

Head of Corporate Finance

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

(a) Directors' interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Long positions in ordinary shares of HK\$0.10 each of the Company

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Mr. Cheng (Chairman)	Controlled corporation (Note)	445,500,000	50.35%

Note: 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.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial Shareholders

As at the Latest Practicable Date, so far as is known to, or can be ascertained after reasonable enquiry by the Directors or chief executive of the Company, the following persons, not being a Director or chief executive of the Company, had interests and/or short positions in the Shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

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

Name of substantial shareholders	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Leading Highway Limited (Note 1)	Beneficial owner	445,500,000	50.35%
Parklane International Holdings Limited (Note 2)	Beneficial owner	185,714,285	20.99%
Leung Chi Yan (Note 2)	Interest held by controlled corporation	185,714,285	20.99%
Chuntin Investments Limited (Note 3)	Beneficial owner	60,000,000	6.78%
Juang William (Note 3)	Beneficial owner	60,000,000	6.78%

Name of substantial shareholders	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Prideful Future Investments Limited <i>(note 4)</i>	Beneficial owner	443,332,000	50.11%
Cheung Sze Wai, Catherine <i>(note 4)</i>	Interested held by controlled corporation	443,332,000	50.11%
Shimmer Expert Investments Limited <i>(note 5)</i>	Beneficial owner	411,664,000	46.53%
Groom High Investments Limited <i>(note 5)</i>	Interested held by controlled corporation	411,664,000	46.53%
Zhang Li <i>(note 5)</i>	Interested held by controlled corporation	411,664,000	46.53%
Top Respect Holdings Limited <i>(note 6)</i>	Beneficial owner	249,168,000	28.16%
Chang Hing Hang <i>(note 6)</i>	Interested held by controlled corporation	249,168,000	28.16%
Villas Green Investments Limited <i>(note 7)</i>	Beneficial owner	249,168,000	28.16%
Chong Yee Kwan <i>(note 7)</i>	Interested held by controlled corporation	249,168,000	28.16%
Gracious Fortune Investments Limited <i>(note 8)</i>	Beneficial owner	195,000,000	22.04%
Li Hua <i>(note 8)</i>	Interested held by controlled corporation	195,000,000	22.04%
Wander Profits Investments Limited <i>(note 9)</i>	Beneficial owner	86,668,000	9.80%
Potential High Investments Limited <i>(note 9)</i>	Interested held by controlled corporation	86,668,000	9.80%
Zhang Rui <i>(note 9)</i>	Interested held by controlled corporation	86,668,000	9.80%
Talent Zone Investments Limited <i>(note 10)</i>	Beneficial owner	120,666,000	13.64%
Ho Pui Fan <i>(note 10)</i>	Interested held by controlled corporation	120,666,000	13.64%

Notes:

1. Leading Highway Limited, a company incorporated in the BVI which is beneficially owned by Mr. Cheng. Mr. Cheng is the director of Leading Highway Limited.
2. The 185,714,285 Shares are derived from the convertible note issued on 13 June 2007 in the outstanding principal amount of HK\$78,000,000 and are held by Parklane International Holdings Limited, which is 100% held by Mr. Leung Chi Yan. Mr. Leung Chi Yan is the President of the Perryville Group
3. The 60,000,000 Shares are held by Chuntin Investments Limited, a company incorporated in the BVI and controlled by Mr. Juang William. Mr. Juang William does not hold any position in the Group. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as being a shareholder of the Company, (i) Mr. Juang William is independent and not a connected person (as defined under the Listing Rules) of the Company; (ii) Mr. Juang William is not party acting in concert with the existing Shareholders; and (iii) Mr. Juang William is not party acting in concert with the vendors and their ultimate beneficial owners under the S&P Agreement.
4. The 443,332,000 Shares are derived from the convertible notes in the principal amount of HK\$130,000,000 to be issued to Prideful Future Investments Limited, a company incorporated in the BVI and controlled 100% by Cheung Sze Wai, Catherine pursuant to the S&P Agreement.
5. The 411,664,000 Shares are derived from 86,664,000 Shares and the convertible notes in the principal amount of HK\$97,500,000 to be issued to Shimmer Expert Investments Limited, a company incorporated in the BVI and controlled 100% by Groom High Investments Limited pursuant to the S&P Agreement. Groom High Investments Limited is a company incorporated in the BVI and controlled 100% by Zhang Li.
6. The 249,168,000 Shares are derived from the convertible notes in the principal amount of HK\$74,750,000 to be issued to Top Respect Holdings Limited, a company incorporated in the BVI and controlled 100% by Chang Hing Hang pursuant to the S&P Agreement.
7. The 249,168,000 Shares are derived from the convertible notes in the principal amount of HK\$74,750,000 to be issued to Villas Green Investments Limited, a company incorporated in the BVI and controlled 100% by Chong Yee Kwan pursuant to the S&P Agreement.
8. The 195,000,000 Shares are derived from the convertible notes in the principal amount of HK\$58,500,000 to be issued to Gracious Fortune Investments Limited, a company incorporated in the BVI and controlled 100% by Li Hua pursuant to the S&P Agreement.
9. The 86,668,000 Shares to be issued to Wander Profits Investments Limited, a company incorporated in the BVI and controlled 100% by Potential High Investments Limited pursuant to the S&P Agreement. Potential High Investments Limited is a company incorporated in the BVI and controlled 100% by Zhang Rui.
10. The 120,666,000 Shares to be issued to Talent Zone Investments Limited, a company incorporated in the BVI and controlled 100% by Ho Pui Fan pursuant to the S&P Agreement.

(ii) Long positions in share of subsidiaries of the Company

As at the Latest Practicable Date, the following corporation (not being a member of the Group, a Director or the chief executive of the Company) was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of the following member of the Group:

Name of subsidiary	Name of shareholder	Percentage of interest in the subsidiary
HHED	Hangzhou Traffic Investment Company Limited (杭州交通投資有限公司)	33.7%

Save as disclosed above, as at the Latest Practicable Date, so far as the Directors or chief executive of the Company are aware, no person (other than certain Directors or chief executive of the Company or any other member of the Group), has any interests or short position in the Shares or underlying shares of the Company which fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO (including interests and short position which they are taken or deemed to have under such provision of the SFO) or who is directly or indirectly interested in 10% or more of the nominal value of any class of shares carrying rights to vote in all circumstances at general meetings of any members of the Group.

3. DIRECTORS' OTHER INTERESTS

As at the Latest Practicable Date, so far as the Directors were aware, none of themselves or their respective associates had any interest in a business which competes or may compete with the business of the Group or any other conflicts of interests with the Group.

As at the Latest Practicable Date, none of the Directors, had any interests, either direct or indirect, in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Company since 31 December 2007, being the date to which the latest published audited consolidated financial statements of the Group were made up.

There is no contract or arrangement entered into by any member of the Group subsisting at the date of this circular in which any Director is materially interested and which is significant to the business of the Group.

4. LITIGATION

The intra-city toll free collection policy launched by the Hangzhou City Government to the Toll Road that all Hangzhou registered automobiles were exempted from toll payment and that the daily compensation of RMB50,000 was granted to the Group by the Hangzhou City Government in compensating the descent of such toll receipt since the year of 2004. The Group had renewed the agreement with the Hangzhou City Government for continuously granting the daily compensation of RMB50,000 for the year of 2005. However, the Group and the Hangzhou City Government have not yet finalised the renewal agreement for the year of 2006 as agreement on reasonable amount of compensation could not be reached. The Group had obtained legal opinion from a PRC lawyer. As advised by the PRC lawyer of the Group, a civil petition was submitted to the PRC court against the Hangzhou City Government for judgement on the government compensation. Notwithstanding, an aggregate amount of HK\$7,804,000 have been received from the Hangzhou City Government as partial payment of compensation during the year of 2006. In the meantime, the court decision has requested both parties to provide further information on toll traffic volume for its judgement.

Save as the aforesaid, none of the members of the Group was engaged in any litigation of material importance and no litigation of material importance was known to the Directors to be pending or threatened by or against any member of the Group as at the Latest Practicable Date.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any member of the Group (excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation)).

6. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have provided its advice and reports (as the case may be), which are contained in this circular:

Name	Qualification
Commerzbank	A licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) and an authorized financial institution under the SFO to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities as set out in Schedule 5 to the SFO
Optima Capital	A licensed corporation to carry on business in type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Shu Lun Pan Horwath Hong Kong CPA Limited	Certified public accountants
Vigers	Qualified property valuer, chartered surveyor

Commerzbank, Optima Capital, Shu Lun Pan Horwath Hong Kong CPA Limited and Vigers have given and have not withdrawn their written consents to the issue of this circular with the inclusion herein of their respective letters and/or references to their names in the form and context in which they respectively appear.

As at the Latest Practicable Date, Commerzbank, Optima Capital, Shu Lun Pan Horwath Hong Kong CPA Limited and Vigers were not beneficially interested in the share capital of any member of the Group nor did they have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any Shares, convertible securities, warrants, options or derivatives which carry voting rights in any member of the Group.

As at the Latest Practicable Date, none of Commerzbank, Optima Capital, Shu Lun Pan Horwath Hong Kong CPA Limited and Vigers had any interests, either direct or indirect, in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Company since 31 December 2007, being the date to which the latest published audited consolidated financial statements of the Group were made up.

7. MATERIAL CONTRACTS

The following contracts had been entered into by the Group (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the Latest Practicable Date and are or may be material:

- (a) The top-up subscription agreement dated 15 May 2007 entered into between the Company and Leading Highway Limited under which the Company had issued 118,900,000 top-up subscription shares of par value of HK\$0.10 each to Leading Highway Limited at a price of HK\$0.35 per share. The net proceeds from the top-up subscription were approximately HK\$40.3 million. Details of which are set out in the announcement of the Company dated 15 May 2007.
- (b) The conditional sale and purchase agreement dated 13 June 2007 entered into between the Company and Parklane International Holdings Limited in respect of the acquisition of the entire issued share capital of Perryville Group Limited at the consideration for HK\$170,000,000. Details of which are set out in the announcement of the Company dated 29 June 2007.
- (c) The conditional placing agreement entered into between the Company and Kingston Securities Limited dated 16 October 2007 in relation to the placing of 71,000,000 new Shares at the price of HK\$0.54 per Share on a fully underwritten basis. Details of which are set out in the announcement of the Company dated 16 October 2007.
- (d) The conditional placing agreement entered into between the Company and Kingston Securities Limited dated 16 October 2007 in relation to the placing of a maximum of 71,000,000 new Shares at the price of HK\$0.54 per Share on a best effort basis. Details of which are set out in the announcement of the Company dated 16 October 2007.
- (e) The S&P Agreement and the supplemental deed dated 30 January 2008 and 27 June 2008 respectively, entered into between the Company, Talent Zone Investment Limited, Sheer Distinction Investments Limited, Shimmer Expert Investments Limited, Wander Profits Investment Limited, Top Respect Holdings Limited, Villas Green Investments Limited, Prideful Future Investments Limited, Gracious Fortune Investment Limited, Best Captain International Limited and Golden Genie Limited in relation to the Acquisition.
- (f) The Agreement.
- (g) The Supplemental Agreement.
- (h) The Compensation Agreement.

Save as the aforesaid, no material contracts (not being contract entered into in the ordinary course of business) had been entered into by any member of the Group within the two years immediately preceding the Latest Practicable Date which are or may be material.

8. SECRETARY AND QUALIFIED ACCOUNTANT OF THE COMPANY

The company secretary of the Company is Chan Kam Kwan, Jason. Mr. Chan is a member of the American Institute of Certified Public Accountants.

The qualified accountant of the Company is Fu Ming Kit, Chris. Mr. Fu is an associate member of Hong Kong Institute of Certified Public Accountants and a fellow member of Association of Chartered Certified Accountants.

9. PROCEDURES BY WHICH A POLL MAY BE DEMANDED

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

According to clause 66 of the current Bye-laws of the Company, 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 Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (iii) a Member or Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all Members having the right to vote at the meeting; or
- (iv) a Member or Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to 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.

10. DOCUMENTS AVAILABLE FOR INSPECTION

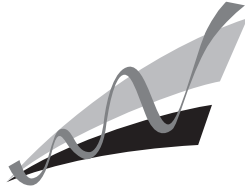
Copies of the following documents are available for inspection during normal business hours at the Company's principal place of business in Hong Kong from the date of this circular up to and including the date of the SGM:

- (a) the Agreement;
- (b) the Supplemental Agreement;
- (c) the Compensation Agreement;
- (d) the memorandum and bye-laws of the Company;
- (e) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix;
- (f) the letter from the Independent Board Committee, the text of which is set out on page 13 of this circular;
- (g) the letter from the Independent Financial Adviser, the text of which is set out on pages 14 to 21 of this circular;
- (h) the annual reports of the Company for each of the two financial years ended 31 December 2007;
- (i) a valuation report on Cableport as at 31 May 2008 prepared by Vigers, the texts of which are set out in Appendix II to this circular;
- (j) the reports from Shu Lun Pan Horwath Hong Kong CPA Limited and Optima Capital relating to the forecast underlying the valuation of Cableport, the texts of which are set out in Appendix III to this circular;
- (k) the written consents referred to under the section headed "Experts and Consents" in this appendix;
- (l) the circular of the Company dated 30 June 2008 in relation to, among other things, the Acquisition; and
- (m) a copy of this circular.

11. MISCELLANEOUS

- The head office and principal place of business of the Company is at Unit 3906, 39th Floor, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong;
- The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda;
- The branch share registrar of the Company in Hong Kong is Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong; and
- The English text of this circular and the accompanying form of proxy shall prevail over their respective Chinese texts in case of inconsistency.

NOTICE OF SGM



WAH NAM INTERNATIONAL HOLDINGS LIMITED

華南投資控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 159)

NOTICE IS HEREBY GIVEN that the SGM of Wah Nam International Holdings Limited (the “Company”) will be held at Mont Blanc Room, Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong on Tuesday, 9 September 2008 at 10:00 a.m., for the purpose of considering and, if thought fit, passing the following resolution as ordinary resolution:

ORDINARY RESOLUTION

“**THAT:**

- (a) the sale and purchase agreement dated 6 June 2008 (the “**Agreement**”) entered into between the Company (as vendor), Leading Highway Limited (as purchaser) and Mr. Cheng Yung Pun (as guarantor of the Purchaser) in relation to the proposed disposal (the “**Disposal**”) of 2 shares of US\$1.00 each of Cableport Holdings Limited (“**Cableport**”) and the assignment of the unsecured non-interest bearing loan(s) advanced by the Company to Cableport with an aggregate sum of HK\$22,368,320.74 outstanding as at the date of the Agreement (the “**Assignment of Loans**”) at a total consideration of HK\$60,000,000 and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) the supplemental agreement dated 31 July 2008 entered into between the Company (as vendor), Leading Highway Limited (as purchaser) and Mr. Cheng Yung Pun (as guarantor of the Purchaser) amending the long stop date and the completion date of the Agreement be and are hereby approved, confirmed and ratified; and
- (c) any one director of the Company be and is hereby generally and authorised to do all such acts and things, to sign and execute all such further documents for and on behalf of the Company by hand, or in case of execution of documents under seal, to do so jointly with any of a second director, a duly authorised representative of the director

* *for identification purpose only*

NOTICE OF SGM

or the secretary of the Company and to take such steps as he may in his absolute direction consider necessary, appropriate, desirable or expedient to give effect to or on connection with the transactions under the Agreement as amended by the supplemental agreement, the Disposal and the Assignment of Loans.”

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

Hong Kong, 9 August 2008

Notes:

1. A member entitled to attend and vote at the above meeting (or at any adjournment thereof) is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. Where there are joint registered holders of any shares, any one of such persons may vote at the above meeting (or at any adjournment thereof), either personally or by proxy, in respect of such shares as if he were solely entitled thereto; but if more than one of such joint holders be present at the above meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
3. In order to be valid, the forms of proxy, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority (such certification to be made by either a notary public or a solicitor qualified to practise in Hong Kong), must be deposited with the branch share registrar of the Company in Hong Kong, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, not less than 48 hours before the time fixed for holding the above meeting or any adjournment thereof.
4. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.

As at the date of this notice, the board of directors of the Company comprises two executive directors, namely Mr. Cheng Yung Pun and Mr. Chan Kam Kwan, Jason, and three independent non-executive directors, namely Mr. Lau Kwok Kuen, Eddie, Mr. Uwe Henke Von Parpart and Mr. Wilton Timothy Carr Ingram.