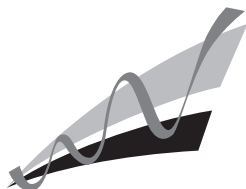


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WAH NAM INTERNATIONAL HOLDINGS LIMITED

華南投資控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 159)

SUPPLEMENTAL DEED RELATING TO VERY SUBSTANTIAL ACQUISITION CONCERNING THE ACQUISITION OF INTEREST IN SMART YEAR AND SPECIFIC MANDATE TO ISSUE NEW SHARES

This announcement is made pursuant to Rule 14.36 of the Listing Rules.

SUPPLEMENTAL DEED

On 27 June 2008, the Company, the Purchaser and the Vendors entered into the Supplemental Deed to amend and supplement certain terms of the S&P Agreement as (i) the Total Consideration will remain unchanged, but will be satisfied as to HK\$119,800,000 in cash, as to HK\$94,700,000 by the issue of the Consideration Shares by the Company at the Issue Price and as to HK\$435,500,000 by the issue of the Convertible Notes; (ii) certain conditions precedent have been added and supplemented; and (iii) the Completion Long Stop Date has been extended from 30 September 2008 to 31 December 2008.

SPECIFIC MANDATE TO ISSUE NEW SHARES

The Board has proposed the issue of up to 300,000,000 new Shares (representing approximately not more than 33.91% of the issued Shares as at the date of this announcement) by way of private placement of Shares subject to Shareholders' approval.

The purpose of the Proposed Share Issue is for the raising of finance for part of the cash portion of the Total Consideration and the working capital and capital expenditure of Luchun Xingtai upon the Completion.

* For identification purpose only

The Board would like to seek Shareholders' approval to grant a specific mandate to allot and issue not more than 300,000,000 new Shares in the share capital of the Company. Details regarding the Specific Mandate will be set out in the notice of the SGM.

There is no assurance that the Proposed Share Issue will proceed. Investors are advised to exercise caution in dealing in the Shares. Further announcement will be made by the Company in compliance with the Listing Rules, should the Proposed Share Issue be materialised.

CIRCULAR

A circular containing, among other things, (i) further details of the Acquisition; (ii) the accountants' reports pursuant to Rule 14.69(4)(a)(i) of the Listing Rules; (iii) a technical report of the Target Group pursuant to Chapter 18 of the Listing Rules; (iv) the proposed increase in the authorised share capital of the Company; (v) the details of the Proposed Share Issue; and (vi) the notice of the SGM will be despatched to the Shareholders on or before 30 June 2008.

This announcement is made pursuant to Rule 14.36 of the Listing Rules.

Reference is made to the announcement of the Company dated 12 February 2008 (the "Announcement") in relation to, among other things, the very substantial acquisition concerning the acquisition of the entire issued share capital of Smart Year. Unless otherwise defined, terms used herein shall have the same meanings as ascribed to them in the Announcement.

On 30 January 2008, the Company, the Purchaser and the Vendors entered into the S&P Agreement pursuant to which the Purchaser conditionally agreed to acquire and the Vendors conditionally agreed to dispose of the entire issued share capital of the Target Company for the Total Consideration, being HK\$650,000,000. The Total Consideration will be satisfied (i) as to HK\$140,000,000 in cash; (ii) as to HK\$103,500,000 by the issue of the Consideration Shares by the Company at the Issue Price; and (iii) as to HK\$406,500,000 by the issue of convertible notes with an equivalent principal amount.

THE SUPPLEMENTAL DEED

On 27 June 2008, the Company, the Purchaser and the Vendors entered into a supplemental deed (the "Supplemental Deed") pursuant to which certain terms of the S&P Agreement were amended and supplemented. The principal terms of the Supplemental Deed are set out as follows:

1. Terms of settlement of the Total Consideration

The Total Consideration will remain unchanged, but will be satisfied as to (i) HK\$119,800,000 in cash; (ii) as to HK\$94,700,000 by the issue of the Consideration Shares by the Company at the Issue Price; and (iii) as to HK\$435,500,000 by the issue of the Convertible Notes, illustrated by the following table:

Vendor	No. of Target Company's shares	Shareholding (%)	Consideration (HK\$'000)	Consideration				
				Cash (HK\$'000)	Number of Consideration Shares to be issued	Amount of the Consideration Shares (HK\$'000)	Number of Conversion Shares to be issued upon conversion of the Convertible Notes in full	Principal amount of the Convertible Notes (HK\$'000)
First Vendor	1,480	14.80	96,200	60,000	120,666,000	36,200	—	—
Second Vendor	100	1.00	6,500	—	21,668,000	6,500	—	—
Third Vendor	1,900	19.00	123,500	—	86,664,000	26,000	325,000,000	97,500
Fourth Vendor	400	4.00	26,000	—	86,668,000	26,000	—	—
Fifth Vendor	1,150	11.50	74,750	—	—	—	249,168,000	74,750
Sixth Vendor	1,150	11.50	74,750	—	—	—	249,168,000	74,750
Seventh Vendor	2,000	20.00	130,000	—	—	—	433,332,000	130,000
Eighth Vendor	900	9.00	58,500	—	—	—	195,000,000	58,500
Ninth Vendor	920	9.20	59,800	59,800	—	—	—	—
Total:	10,000	100.00	650,000	119,800	315,666,000	94,700	1,451,668,000	435,500

The Purchaser shall pay the First Vendor the sum of HK\$60,000,000 within two months after the passing of the resolution by Shareholders in the SGM approving the S&P Agreement and the Supplemental Deed and the transactions contemplated thereunder (or such other dates as the Company, the Purchaser and the Vendors may agree in writing), as part payment of the Total Consideration and deposit (the "Deposit"). Upon Completion and on the Completion Date, the Purchaser shall settle the remaining balance of the Total Consideration by way of delivering to the relevant Vendors (a) a cheque for the remaining cash consideration of HK\$59,800,000, (b) the Note Certificates for the Convertible Notes, and (c) the definitive certificates for the Consideration Shares.

Provided that in the event that the Deposit is not paid by the Purchaser in accordance with the S&P Agreement and the Supplemental Deed, the S&P Agreement and the Supplemental Deed shall be null and void and of no further effect and no party shall have any further liability to any other parties under or in connection with the S&P Agreement and the Supplemental Deed.

On or before payment of the Deposit, the Vendors shall deliver to the Purchaser share charges in the form to the satisfaction of the Purchaser pursuant to which the Vendors shall pledge the entire 100% equity interest in Smart Year and Smart Year shall pledge its 90% equity interest in Luchun Xingtai to the Purchaser as security for the repayment of the Deposit.

In the event the Completion does not take place in accordance with the terms and conditions of the S&P Agreement and the Supplemental Deed:

- (i) First Vendor shall forthwith refund the Deposit to the Purchaser or such other person(s) as it may direct in writing without interest; and
- (ii) against the performance by First Vendor of its obligation to refund the Deposit, the Purchaser shall as soon as reasonably practicable cause the release and discharge of the share charges of the 100% equity interest in Smart Year and the 90% equity interest in Luchun Xingtai.

The following table summarises the shareholding structure of the Company as at the date of this announcement, and immediately after the issuance of the Consideration Shares, and the conversion of Convertible Notes:

Shareholders	As at the date of this announcement		Immediately after Completion and the allotment and issue of the Consideration Shares		Immediately after the Completion and the allotment and issue of the Consideration Shares and assuming the conversion of Convertible Notes pursuant to the terms of the Convertible Notes (Note 2 & Note 4)		FOR ILLUSTRATIVE PURPOSE ONLY Immediately after Completion and the allotment and issue of the Consideration Share and conversion of the Convertible Notes in full (Note 5)	
	No. of Shares	Approximate Percentage	No. of Shares	Approximate Percentage	No. of Shares	Approximate Percentage	No. of Shares	Approximate Percentage
Cheng Yung Pun (Note 1)	445,500,000	50.35%	445,500,000	37.11%	445,500,000	35.25%	445,500,000	16.80%
The First Vendor	—	—	120,666,000	10.05%	120,666,000	9.55%	120,666,000	4.54%
The Second Vendor	—	—	21,668,000	1.81%	21,668,000	1.71%	21,668,000	0.82%
The Third Vendor	—	—	86,664,000	7.22%	100,880,405	7.98%	411,664,000	15.52%
The Fourth Vendor	—	—	86,668,000	7.22%	86,668,000	6.86%	86,668,000	3.27%
The Fifth Vendor	—	—	—	—	10,899,302	0.86%	249,168,000	9.40%
The Sixth Vendor	—	—	—	—	10,899,302	0.86%	249,168,000	9.40%
The Seventh Vendor	—	—	—	—	18,955,148	1.50%	433,332,000	16.34%
The Eighth Vendor	—	—	—	—	8,529,843	0.67%	195,000,000	7.35%
Sub total for The Vendors	—	—	315,666,000	26.30%	379,166,000	29.99%	1,767,334,000	66.64%
Other public Shareholders	379,237,652	42.87%	379,237,652	31.59%	379,237,652	30.01%	379,237,652	14.30%
Juang William (Note 3)	60,000,000	6.78%	60,000,000	5.00%	60,000,000	4.75%	60,000,000	2.26%
Sub total for all public Shareholders	439,237,652	49.65%	439,237,652	36.59%	439,237,652	34.76%	439,237,652	16.56%
Total:	884,737,652	100.00%	1,200,403,652	100.00%	1,263,903,652	100.00%	2,652,071,652	100.00%

Note 1: These Shares are held by Leading Highway Limited, a company incorporated in the BVI with limited liability and the entire issued share capital of which is wholly owned by Mr. Cheng Yung Pun, an executive Director and a controlling shareholder of the Company.

Note 2: Pursuant to the terms of the Convertible Notes, the Conversion Rights shall not be exercised by the Noteholder if, immediately following the conversion: (i) the Company will be unable to meet the public float requirement under the Listing Rules; or (ii) the Noteholder together with the parties acting in concert with it will hold or control such amount of the Company's voting power at general meetings as may trigger a mandatory general offer under the Takeovers Code (whether or not a waiver of the mandatory general offer obligation has been granted). The Acquisition will not result in a change of control of the Company.

Note 3: 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; (iii) Mr Juang William is not party acting in concert with the Vendors and their ultimate beneficial owners; and (iv) as at the date of the Announcement, Mr. Juang William held 100,000,000 Shares. Subsequent to the date of the Announcement, Mr. Juang William disposed of 40,000,000 Shares and held 60,000,000 Shares as at the date of this announcement.

Note 4: Assuming the conversion of Convertible Notes on a pro-rata basis.

Note 5: This column is solely for illustrative purpose as the Convertible Notes cannot be fully converted by the Vendors according to the terms of the Convertible Notes (see Note 2 above) under the present shareholding structure.

2. Conditions precedent and the Completion Long Stop Date

The following conditions precedent were added and supplemented to the S&P Agreement:

- (i) the Company and the Purchaser being satisfied that the Enlarged Group shall have sufficient working capital to continue their operation for at least 18 months immediately following the Completion; and
- (ii) the Purchaser having received from the Vendors documentary or other evidence to its reasonable satisfaction that the Pledge has been absolutely discharged and released.

The Completion Long Stop Date has been extended from 30 September 2008 to 31 December 2008.

The Directors confirmed that, save as the above, there is no other amendment to the S&P Agreement.

SPECIFIC MANDATE TO ISSUE NEW SHARES

1. Proposed Share Issue

The Board has proposed the issue of up to 300,000,000 new Shares (representing approximately not more than 33.91% of the issued Shares as at the date of this announcement) by way of private placement of Shares subject to Shareholders' approval (the "Proposed Share Issue"). Such Shares are proposed to be listed on the Stock Exchange and it is expected that they will not be allotted and issued to connected persons (as defined under the Listing Rules) of the Company and the Vendors. The proceeds from the Proposed Share Issue are intended to be used to finance (i) part of the cash portion of the Total Consideration; and (ii) the working capital and capital expenditure of Luchun Xingtai upon the Completion.

If any of such investors is a connected person of the Company, the Company will take steps to comply with the relevant requirements under the Listing Rules.

The Company is on discussions and negotiations with certain securities firm in relation to the placing of Shares under the Proposed Share Issue. However, as at the date of this announcement, no definitive agreement has been entered into with any placing agent or other parties. The Company will make an announcement in compliance with the relevant requirement of the Listing Rules, as and when the placing agreement is entered into by the Company.

The Board would like to seek Shareholders' approval to grant a specific mandate to allot and issue not more than 300,000,000 new Shares in the share capital of the Company (the "Specific Mandate") to facilitate the allotment and issue of new Shares under the Proposed Share Issue at the SGM, instead of seeking a separate Shareholders' approval after the entering into the placing agreement. The Acquisition and the Proposed Share Issue are not inter-conditional upon each other.

2. Structure of the Proposed Share Issue

Type of securities to be issued:	Ordinary Shares
Maximum number of Shares to be issued:	Not more than 300,000,000 new Shares (representing approximately 33.91% of the issued Shares as at the date of this announcement and 25.32% of the issued share capital of the Company as enlarged by the Proposed Share Issue). The final number of Shares to be issued is subject to the adjustments (in case of sub-division or consolidation of Shares) made by the Board as may be authorised by the Shareholders at the SGM
Nominal value:	HK\$0.10
Rights attached to Share:	The Shares to be issued under the Proposed Share Issue will rank pari passu with the existing Shares in all respects
Method of issue:	The issue will be conducted by way of private placement

Basis for determining the issue price:

The price shall be determined on arm's length basis, by reference to a number of considerations, including prevailing market conditions, the prevailing market price of the Shares and investor demand for the Shares at the relevant time.

In any event, the issue price must not be lower than 80% or more of the higher of:

- The closing price of the Shares quoted on the Stock Exchange on the date of the launch of the Proposed Share Issue; or
- The average closing price of the Shares quoted on the Stock Exchange in the five trading days immediately prior to the earliest of:
 - The date of announcement of the launch of the Proposed Share Issue;
 - The date of the placing agreement involving the Proposed Share Issue; and
 - The date on which the price is fixed.

The issue price for the Proposed Share Issue shall be no less than HK\$0.40.

Minimum net proceeds to be raised:

The Proposed Share Issue must raise a minimum amount of HK\$100,000,000

3. Conditions to the Proposed Share Issue

Upon the grant of the Specific Mandate, and if the Directors proposed to place new Shares pursuant to the Specific Mandate, the Proposed Share Issue will be conditional upon:

- (i) the grant of the Specific Mandate by the Shareholders to the Board having been obtained at the SGM;
- (ii) the entering into of a placing agreement by, among other parties, the Company and the placing agents (to be appointed prior to the Proposed Share Issue) and the placing agreement not being terminated in accordance with its terms; and
- (iii) the Listing Committee of the Stock Exchange granting listing of and permission to deal in all of the Shares to be issued and placed pursuant to the Proposed Share Issue.

4. Purpose of the Proposed Share Issue

The Company is proposing to acquire the entire issued share capital of the Target Company. The Acquisition will constitute a very substantial acquisition for the Company under Chapter 14 of the Listing Rules. The purpose of the Proposed Share Issue is for the raising of finance for part of the cash portion of the Total Consideration and the working capital and capital expenditure of Luchun Xingtai upon the Completion.

5. Uses of the proceeds from the Proposed Share Issue

Based on the minimum proceeds of HK\$100,000,000 to be received by the Company under the Proposed Share Issue, the Company intends to use the proceeds for the following purposes:

- (i) as to about HK\$59.8 million for part payment of the cash portion of Total Consideration;
- (ii) as to about HK\$21.0 million for the capital expenditure of the Target Group upon the Completion;
- (iii) as to about HK\$14.0 million for the payment of the mining resources usage fees of the Mine; and
- (iv) as to about HK\$5.2 million as general working capital of the Target Group upon the Completion.

In the event that the proceeds from the Proposed Share Issue is more than HK\$100,000,000, the Directors intend to apply the amount of additional proceeds to be received by the Company for general working capital of the Target Group.

6. Fund raising activity of the Company in the 12 months immediately preceding date of this announcement

Other than the placing of Shares as announced in the Company's announcements dated 16 October 2007, there was no fund raising activity conducted by the Company in the 12 months immediately preceding the date of this announcement. The Company's announcement dated 16 October 2007 was made in respect of the placing of 71,000,000 Shares and the net proceeds raised were approximately HK\$37.4 million. The proceeds were used to finance the acquisition of the Perryville Group Limited as announced by the Company on 29 June 2007 and for general working capital.

7. Validity of the Specific Mandate

The Specific Mandate, if granted, will commence from the date of passing of the relevant resolutions at the SGM and will lapse on the expiration of the three-month period following the date of passing of the relevant solutions at the SGM.

The issue price under the Proposed Share Issue is limited to a discount of not more than 20% to the benchmarked price set out in Rule 13.36(5). Also, the Proposed Share Issue provides the Company with a way to finance the Acquisition and the future business development of the Target Group. Therefore, the Directors believe that the grant of the specific mandate under the Proposed Share Issue is fair and reasonable to the Shareholders as a whole.

The following table summarises the shareholding structure of the Company as at the date of this announcement, and immediately after the Proposed Share Issue, the issuance of the Consideration Shares, and the conversion of Convertible Notes:

Shareholders	As at the date of this announcement		Immediately after Completion and the Proposed Share Issue and the allotment and issue of the Consideration Shares		Immediately after the Completion and the Proposed Share Issue and the allotment and issue of the Consideration Shares and assuming the conversion of Convertible Notes pursuant to the terms of the Convertible Notes (Note 2 & Note 4)		FOR ILLUSTRATIVE PURPOSE ONLY Immediately after Completion and the Proposed Share Issue and the allotment and issue of the Consideration Share and conversion of the Convertible Notes in full (Note 5)	
	No. of Shares	Approximate Percentage	No. of Shares	Approximate Percentage	No. of Shares	Approximate Percentage	No. of Shares	Approximate Percentage
Cheng Yung Pun (Note 1)	445,500,000	50.35%	445,500,000	29.69%	445,500,000	26.32%	445,500,000	15.09%
The First Vendor	—	—	120,666,000	8.04%	120,666,000	7.13%	120,666,000	4.09%
The Second Vendor	—	—	21,668,000	1.44%	21,668,000	1.28%	21,668,000	0.73%
The Third Vendor	—	—	86,664,000	5.78%	129,649,035	7.66%	411,664,000	13.94%
The Fourth Vendor	—	—	86,668,000	5.78%	86,668,000	5.12%	86,668,000	2.94%
The Fifth Vendor	—	—	—	—	32,955,370	1.95%	249,168,000	8.44%
The Sixth Vendor	—	—	—	—	32,955,370	1.95%	249,168,000	8.44%
The Seventh Vendor	—	—	—	—	57,313,204	3.39%	433,332,000	14.68%
The Eighth Vendor	—	—	—	—	25,791,021	1.51%	195,000,000	6.61%
Sub total for The Vendors	—	—	315,666,000	21.04%	507,666,000	29.99%	1,767,334,000	59.87%
Places under the Proposed Share Issue	—	—	300,000,000	19.99%	300,000,000	17.73%	300,000,000	10.16%
Other public Shareholders	379,237,652	42.87%	379,237,652	25.28%	379,237,652	22.41%	379,237,652	12.85%
Juang William (Note 3)	60,000,000	6.78%	60,000,000	4.00%	60,000,000	3.55%	60,000,000	2.03%
Sub total for all public Shareholders	439,237,652	49.65%	439,237,652	29.28%	439,237,652	25.96%	439,237,652	14.88%
Total:	<u>884,737,652</u>	<u>100.00%</u>	<u>1,500,403,652</u>	<u>100.00%</u>	<u>1,692,403,652</u>	<u>100.00%</u>	<u>2,952,071,652</u>	<u>100.00%</u>

Note 1: These Shares are held by Leading Highway Limited, a company incorporated in the BVI with limited liability and the entire issued share capital of which is wholly owned by Mr. Cheng Yung Pun, an executive Director and a controlling shareholder of the Company.

Note 2: Pursuant to the terms of the Convertible Notes, the Conversion Rights shall not be exercised by the Noteholder if, immediately following the conversion: (i) the Company will be unable to meet the public float requirement under the Listing Rules; or (ii) the Noteholder together with the parties acting in concert with it will hold or control such amount of the Company's voting power at general meetings as may trigger a mandatory general offer under the Takeovers Code (whether or not a waiver of the mandatory general offer obligation has been granted). The Acquisition will not result in a change of control of the Company.

Note 3: 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; (iii) Mr. Juang William is not party acting in concert with the Vendors and their ultimate beneficial owners; and (iv) as at the date of the Announcement, Mr. Juang William held 100,000,000 Shares. Subsequent to the date of the Announcement, Mr. Juang William disposed of 40,000,000 Shares and held 60,000,000 Shares as at the date of this announcement.

Note 4: Assuming the conversion of Convertible Notes on a pro-rata basis.

Note 5: This column is solely for illustrative purpose as the Convertible Notes cannot be fully converted by the Vendors according to the terms of the Convertible Notes (see Note 2 above) under the present shareholding structure.

GENERAL

A circular containing, among other things, (i) further details of the Acquisition; (ii) the accountants' reports pursuant to Rule 14.69(4)(a)(i) of the Listing Rules; (iii) a technical report of the Target Group pursuant to Chapter 18 of the Listing Rules; (iv) the proposed increase in the authorised share capital of the Company; (v) the details of the Proposed Share Issue; and (vi) the notice of the SGM will be despatched to the Shareholders as soon as practicable.

By Order of the Board
Wah Nam International Holdings Limited
Chan Kam Kwan, Jason
Director

27 June 2008, Hong Kong

As at the date of this announcement, the Board of the Company comprises Mr. Cheng Yung Pun and Mr. Chan Kam Kwan, Jason as executive Directors and Mr. Lau Kwok Kuen, Eddie, Mr. Uwe Henke Von Parpart and Mr. Wilton Timothy Carr Ingram as independent non-executive Directors.