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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional 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, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or 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)

(SEHK stock code: 159)

(ASX stock code: WNI)

CONNECTED TRANSACTION SUBSCRIPTION OF CONVERTIBLE BOND

Financial Adviser



REORIENT Financial Markets Limited

Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders



KBC Bank N.V. Hong Kong Branch

A letter from the Board is set out on pages 5 to 15 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in respect of the CB Subscription (as defined herein) is set out on page 16 of this circular. A letter from KBC Bank N.V. Hong Kong Branch containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the CB Subscription (as defined herein) is set out on pages 17 to 27 of this circular.

A notice convening a special general meeting of the Company to be held at Suites 1102-03, 11/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong on Thursday, 19 April 2012 at 10:00 a.m. is set out on pages 36 to 38 of this circular. Whether or not you intend to attend and vote at the special general meeting or any adjourned meeting in person, you are requested to complete and return the relevant enclosed form of proxy in accordance with the instructions printed thereon. **If your shares in the Company are recorded under the Company's Hong Kong branch registrar or the Company's Bermuda principal registrar, please complete the Hong Kong proxy form and return it to the branch share registrar of the Company in Hong Kong, Tricor Secretaries Limited. Please read and follow the instructions, including the deadline, on the Hong Kong proxy form to lodge the form. If your shares in the Company are recorded under the Company's Australia branch registrar, please complete the Australia proxy form and return it to the Company's branch share registrar in Australia, Computershare Investor Services Pty Limited. Please read and follow the instructions, including the deadline, on the Australia proxy form to lodge the form.** Completion and return of the form of proxy will not preclude you from attending and voting in person at the special general meeting or any adjourned meeting should you so wish.

* for identification purpose only

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DEFINITIONS

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

| | |
|-------------------------------|--|
| “2014 CB” | the convertible bond due 10 January 2014 issued by the Company with an outstanding principal amount of HK\$173,940,000 as at the Latest Practicable Date |
| “ASX” | ASX Limited (trading as the Australian Securities Exchange) |
| “Board” | the board of Directors |
| “Bond” | the bond due 12 March 2013 issued by the Company to Ocean Line in the principal amount of HK\$78,000,000 |
| “Bond Subscription” | the subscription of the Bond by Ocean Line pursuant to the Bond Subscription Agreement |
| “Bond Subscription Agreement” | the Bond subscription agreement entered into between the Company and Ocean Line on 6 March 2012 |
| “BRM” | Brockman Resources Limited ACN 009 372 150, the ordinary shares of which are listed on ASX |
| “BRM Shareholders” | holders of any BRM Shares |
| “BRM Shares” | ordinary fully paid shares in BRM |
| “Business Day” | a day (not being a Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are generally open for the transaction of general banking business by members of the public |
| “CB Subscription” | the subscription of the Convertible Bond by Ocean Line pursuant to the CB Subscription Agreement |
| “CB Subscription Agreement” | the Convertible Bond subscription agreement entered into between the Company and Ocean Line on 6 March 2012 |
| “Company” | Wah Nam International Holdings Limited, the shares of which are dually listed on the Stock Exchange and ASX |

DEFINITIONS

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|-----------------------|---|
| “Completion Date” | the 2nd Business Day after the fulfillment (or waiver as applicable) of the conditions set out in the CB Subscription Agreement or such other date as may be agreed in writing by the Company and Ocean Line |
| “connected person(s)” | has the meaning ascribed to such term in the Listing Rules |
| “Conversion” | the exercise of the conversion rights attached to the Convertible Bond and the issuance of the Conversion Shares accordingly |
| “Conversion Price” | the price at which each Conversion Share will be issued upon Conversion, being HK\$0.60 per Conversion Share and subject to adjustments which may be made pursuant to the terms and conditions of the Convertible Bond, provided that if such price shall be less than the nominal amount of a WN Share, the nominal amount of a WN Share |
| “Conversion Shares” | the new WN Shares to be issued upon Conversion |
| “Convertible Bond” | the convertible bond to be issued by the Company to Ocean Line in the principal amount of HK\$78,000,000 in aggregate subject to the terms of the CB Subscription Agreement |
| “Corporations Act” | the Australian Corporations Act 2001 (Cth) |
| “Director(s)” | the director(s) of the Company |
| “Exercise Date” | a date on which a notice is given pursuant to the CB Subscription Agreement in respect of the Conversion |
| “FATA” | the Australian Foreign Acquisitions and Takeovers Act 1975 (Cth) |
| “FIRB” | the Foreign Investment Review Board of Australia |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |

DEFINITIONS

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|-------------------------------|--|
| “Independent Board Committee” | the independent board committee of the Board, comprising the independent non-executive Directors, namely Mr. Lau Kwok Kuen, Eddie, Mr. Uwe Henke Von Parpart and Mr. Yip Kwok Cheung, Danny, established for the purpose of advising the Independent Shareholders on the CB Subscription |
| “Independent Shareholders” | holders of WN Shares other than Ocean Line and its associates for the purposes of the CB Subscription |
| “Issue Date” | the date on which the Convertible Bond is to be issued by the Company to Ocean Line under the CB Subscription Agreement |
| “KBC Bank” | KBC Bank N.V., acting through its Hong Kong Branch, a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) and a registered institution registered for Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the CB Subscription |
| “Latest Practicable Date” | 20 March 2012, being the latest practicable date prior to printing of this circular for ascertaining certain information in this circular |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Maturity Date” | a date falling on the third anniversary of the Issue Date |
| “Ocean Line” | Ocean Line Holdings Limited |
| “Offer” | the takeover offer by WN Australia to acquire all the BRM Shares not held by it announced by the Company on 12 December 2011 |

DEFINITIONS

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|--------------------------|---|
| “Placing” | the placing of 130,000,000 new WN Shares contemplated under the Underwriting Agreement which was terminated on 6 March 2012 |
| “PRC” | the People’s Republic of China |
| “Relevant Interest” | has the meaning given in sections 608 and 609 of the Corporations Act |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “SGM” | the special general meeting to be convened and held by the Company in relation to the CB Subscription |
| “Shareholder(s)” | holder(s) of any WN Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Underwriting Agreement” | the underwriting agreement entered into between the Company and REORIENT Financial Markets Limited on 12 December 2011 (as amended on 31 January 2012) which was terminated on 6 March 2012 |
| “WN Australia” | Wah Nam International Australia Pty Ltd, a wholly-owned subsidiary of the Company |
| “WN Shares” | ordinary shares of HK\$0.10 each in the share capital of the Company |
| “%” | per cent |

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)

(SEHK stock code: 159)

(ASX stock code: WNI)

Executive Directors:

Mr. Luk Kin Peter Joseph
Mr. Chan Kam Kwan, Jason
Mr. Chu Chung Yue, Howard

Registered office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Independent non-executive Directors:

Mr. Lau Kwok Kuen, Eddie
Mr. Uwe Henke Von Parpart
Mr. Yip Kwok Cheung, Danny

*Head office and principal office of
business in Hong Kong:*

Room 1003
10/F Knutsford Commercial Building
4-5 Knutsford Terrace
Tsim Sha Tsui
Kowloon

27 March 2012

To the Shareholders

Dear Sirs,

**CONNECTED TRANSACTION
SUBSCRIPTION OF CONVERTIBLE BOND**

INTRODUCTION

On 6 March 2012, the Company announced among other things that it entered into the Bond Subscription Agreement and the CB Subscription Agreement with Ocean Line pursuant to which the Company agreed to issue and Ocean Line agreed to subscribe for the Bond and the Convertible Bond. The Bond Subscription has been completed. The completion of the CB Subscription is subject to among other things Independent Shareholders' approval.

* for identification purpose only

LETTER FROM THE BOARD

The purpose of this circular is to provide you with among other things (i) details of the CB Subscription; (ii) the recommendation of the Independent Board Committee in respect of the CB Subscription; (iii) the advice from KBC Bank in respect of the CB Subscription; and (iv) a notice convening the SGM at which a resolution will be proposed to consider and if thought fit approve the CB Subscription.

CB SUBSCRIPTION

On 6 March 2012, the Company and Ocean Line entered into the CB Subscription Agreement pursuant to which the Company agreed to issue and Ocean Line agreed to subscribe for the Convertible Bond.

Date

6 March 2012

Parties

- (1) Subscriber: Ocean Line Holdings Limited
- (2) Issuer: the Company

As at the Latest Practicable Date, Ocean Line and its associates in aggregate held (i) 878,704,440 WN Shares, representing approximately 14.86% of the entire issued share capital of the Company; (ii) 2014 CB with a principal amount of HK\$173,940,000; and (iii) the Bond with a principal amount of HK\$78,000,000.

Principal terms of the Convertible Bond

Principal amount : HK\$78,000,000

Maturity date : a date falling on the third anniversary of the Issue Date

LETTER FROM THE BOARD

- Interest : interest is payable on redemption of the outstanding principal amount of the Convertible Bond on the Maturity Date at the rate of 5% per annum accruing from the Issue Date on a daily basis and shall be calculated on the basis of the actual number of days elapsed in a year of 365 days in arrears and on the Maturity Date only, with interest payment date to fall on the Maturity Date. A default interest at the rate of 20% per annum, calculated on the basis of the actual number of days elapsed in a year of 365 days, shall apply if the Convertible Bond becomes due and payable on the occurrence of any events of default (as set out in the CB Subscription Agreement)
- Conversion right : in the event that the holder of the Convertible Bond holds the 2014 CB, the conversion rights of the Convertible Bond shall not be exercisable unless and until the conversion rights of the 2014 CB have been exercised in full or the holder has transferred all its interests in the 2014 CB to an independent third party. Subject to the aforesaid proviso, for so long as the aggregate interests of the holder of the Convertible Bond (and its associates as defined under section 6 of the FATA) prior to the exercise of the conversion rights under the Convertible Bond do not exceed 14.9% of the then issued share capital of the Company, the exercise of the conversion rights of the relevant portion of the Convertible Bond shall be automatically triggered at the end of each month prior to the Maturity Date if and to the extent that, immediately upon exercise of the conversion right of the relevant portion of such Convertible Bond (provided always that, if it will result in the exercise of the conversion rights under the Convertible Bond as held by the holder in part, the conversion of which shall represent a minimum of 1,000,000 Conversion Shares), the aggregate interests of the holder of the Convertible Bond and its associates shall represent a percentage equivalent to or rounded up to (and in any event not exceeding) 14.9% of the then enlarged issued share capital of the Company. In such circumstances, the holder of the Convertible Bond shall be obliged to give notification to the Company, whereupon the outstanding amount of such Convertible Bond shall be converted into WN Shares

LETTER FROM THE BOARD

In addition to the above, in the event that the holder of the Convertible Bond holds the 2014 CB and the conversion rights of such 2014 CB have been exercised in full or the holder has transferred all its interests in the 2014 CB to an independent third party, the Company shall be entitled to elect for the conversion of the Convertible Bond at any time by giving notice to the holder of the Convertible Bond, provided that immediately upon the Conversion, (a) the aggregate interests of the holder of the Convertible Bond and its associates shall not be more than 14.9% of the then enlarged issued share capital of the Company; or (b) the aggregate interests of the holder of the Convertible Bond and its associates shall be more than 14.9% of the then enlarged issued share capital of the Company, but the holder of the Convertible Bond (and/or its associates) has obtained prior approval from FIRB in relation to such resultant shareholdings in the Company

- Mandatory redemption : the principal amount of the Convertible Bond which remains on Maturity Date shall be automatically redeemed by the Company on the Maturity Date. Unless prior written consent from the holder of the Convertible Bond has been sought, the Company shall have no right to redeem any part of the outstanding principal amount of the Convertible Bond prior to the Maturity Date
- Conversion Price : the Conversion Price of HK\$0.60 per Conversion Share, subject to adjustments as set out and in accordance with the terms and conditions of the Convertible Bond as follows
- Adjustment to the Conversion Price : the Conversion Price is subject to adjustment for consolidation or subdivision of WN Shares provided that no adjustment shall be made to the Conversion Price in any case in which the amount by which the same would be reduced would be less than one cent and any adjustment that would otherwise be required then to be made shall not be carried forward
- Ranking of the Conversion Shares : the Conversion Shares, when allotted and issued, will rank pari passu in all respects with the WN Shares in issue as at the Exercise Date

LETTER FROM THE BOARD

Transferability : the Convertible Bond, or any part(s) of the Convertible Bond provided that such part of the principal amount of the Convertible Bond to be transferred shall not be less than HK\$1,000,000 (or a multiple thereof) on each transfer, save that if at any time, the principal amount of the Convertible Bond is less than HK\$1,000,000, the whole (but not part only), may be assigned or transferred to any third party which is not a connected person of the Company, subject only to compliance of the conditions hereunder and further subject to the conditions, approvals, requirements and any other provisions of or under:

- (a) the Stock Exchange, the ASX (and any other stock exchange on which the WN Shares may be listed at the relevant time) or their rules and regulations;
- (b) the approval for listing in respect of the Conversion Shares; and
- (c) all applicable laws and regulations.

In respect of any transfer of the Convertible Bond, the Company will check whether the transfer complies with the aforesaid terms and conditions, in particular whether the transferee is a connected person of the Company.

Conversion Shares

Assuming full Conversion, a total of 130,000,000 Conversion Shares will be issued by the Company, representing (1) approximately 2.20% of the issued share capital of the Company as at the Latest Practicable Date; and (2) approximately 2.15% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

Conversion Price

The Conversion Price of HK\$0.60 per Conversion Share, which is the same as the initial conversion price of the 2014 CB, represents (i) a premium of approximately 15.4% over the closing price of HK\$0.52 per WN Share as quoted on the Stock Exchange on 5 March 2012, being the last trading day prior to the date of the CB Subscription Agreement;

LETTER FROM THE BOARD

(ii) a premium of approximately 13.6% over the average closing price per WN Share of approximately HK\$0.528 as quoted on the Stock Exchange for the last five consecutive trading days up to and including 5 March 2012; and (iii) a premium of approximately 15.4% over the closing price of HK\$0.52 per WN Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Conversion Price was determined with reference to the terms of the 2014 CB, and the prevailing market price and the recent trading volume of the WN Shares and was negotiated on an arm's length basis between the parties. The Directors consider that the terms of the CB Subscription are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions of the CB Subscription

Completion of the CB Subscription is conditional upon the following conditions:

- (1) the passing by the Independent Shareholders at the SGM of the resolution approving the CB Subscription Agreement and the transactions contemplated thereunder;
- (2) the Stock Exchange granting listing of and permission to deal in the Conversion Shares;
- (3) there being no breach of the warranties given by the Company under the CB Subscription Agreement; and
- (4) there being (from the date of the CB Subscription Agreement up till the time immediately prior to the Completion Date) no material adverse change in the financial position and trading prospects of the Group and no event which has or could reasonably be expected to have a material adverse effect on the Group to the reasonable satisfaction of Ocean Line.

The conditions shall be satisfied (or waived) by 6:00 p.m. (Hong Kong time) on 31 May 2012 (or such other date as agreed between the parties). Ocean Line is entitled to waive the satisfaction of conditions (3) and (4).

Completion of the CB Subscription

Completion of the CB Subscription will take place on the Completion Date.

LETTER FROM THE BOARD

Specific mandate

The Convertible Bond (including the allotment and issue of the Conversion Shares upon Conversion) will be issued under a specific mandate to be approved by the Independent Shareholders at the SGM.

Listing application

The Convertible Bond will not be listed on any stock exchange.

An application has been made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares. The Company will apply for quotation of the Conversion Shares on the ASX once they have been allotted.

USE OF PROCEEDS

Pursuant to the CB Subscription Agreement, subject to obtaining Independent Shareholders' approval for the CB Subscription, upon completion of the CB Subscription the Bond shall be redeemed in full and the proceeds from the redemption will be applied by Ocean Line to subscribe for the Convertible Bond, effectively replacing the Bond with the Convertible Bond. The gross proceeds and net proceeds of the Bond Subscription/CB Subscription will be HK\$78 million. The net proceeds from the Bond Subscription/CB Subscription shall be used to partly finance the cash portion of the consideration for the Offer. The net issue price per Conversion Share based on the above net proceeds is approximately HK\$0.60.

REASONS FOR AND BENEFIT OF THE TRANSACTIONS

Ocean Line has agreed to subscribe for the Convertible Bond. As Ocean Line is a connected person of the Company, the CB Subscription is a connected transaction for the Company subject to the Independent Shareholders' approval. Therefore, the CB Subscription cannot complete until the conditions precedent (including obtaining Independent Shareholders' approval) are satisfied. The issue of the Bond allows the Company a quicker access to the funding and match the timetable of the Offer. The Bond has been issued. It is due on 12 March 2013 and has a principal amount of HK\$78,000,000 with an interest rate of 12% per annum payable on maturity. The Bond is unsecured and upon completion of the CB Subscription, the Bond will be early redeemed and no interest on the Bond will be payable. Further details on the Bond are set out in the Company's announcement dated 6 March 2012.

LETTER FROM THE BOARD

The financial arrangement under the Bond and the Convertible Bond is to replace the Placing (which was terminated on 6 March 2012) to partially finance the cash portion of the consideration for the Offer. The Company considers that the new financial arrangement allows the Company to have quicker access to funds while at the same time it is not required to issue new WN Shares immediately diluting the interest of the existing Shareholders.

The Company understands that Ocean Line intends to hold a long-term interest in the Company. Ocean Line and its associates held approximately 14.86% of the issued share capital of the Company as at the Latest Practicable Date. Their aggregate interests shall not exceed 14.9% of the issued share capital of the Company unless prior approval from FIRB has been obtained. The Company has not discussed with Ocean Line on its intention to nominate any director to the Board. The Company may consider inviting a representative of Ocean Line to be director of the Company. The Company is of the view that the issue of the Bond/Convertible Bond to Ocean Line would strengthen the Group's strategic relationship with Ocean Line. The Directors consider that the terms of the CB Subscription are fair and reasonable and the new financial arrangement under the Bond and the Convertible Bond is in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP AND OCEAN LINE

The Group is principally engaged in: exploitation, processing and sales of mineral resources, including copper, zinc and lead ore concentrates in the PRC, provision of limousine rental and airport shuttle bus services in Hong Kong and the PRC, acquisition, exploration and development of mineral tenements in Australia, and investment in equity securities.

Ocean Line is principally engaged in shipping and is one of the largest privately owned shipping companies in Hong Kong. It mainly focuses on the shipment of bulk commodities with its bulk carriers. Ocean Line's vessels operate worldwide regularly serving mining and commodity trading companies. Mr. Kwai Sze Hoi ("Mr. Kwai") and Ms. Cheung Wai Fung ("Ms. Cheung") are owners of Ocean Line, respectively holding 60% and 40% of the equity interest of Ocean Line. Based on filings made by Mr. Kwai and Ms. Cheung, they first became interested in more than 5% of the issued WN Shares on 20 June 2011. Save for their shareholding interests in the Company and interests in the 2014 CB, the Bond and the Convertible Bond (as disclosed in this circular), Ocean Line, Mr. Kwai and Ms. Cheung do not have any other business relationships with the Company and its connected persons.

LETTER FROM THE BOARD

SHAREHOLDING TABLE

| | As at the Latest Practicable Date | | After completion of the CB Subscription and assuming full conversion of the 2014 CB and the Convertible Bond (absent any other changes) | |
|--|--------------------------------------|---------------|--|---------------|
| | <i>No. of WN</i> | | <i>No. of WN</i> | |
| | <i>Shares</i> | % | <i>Shares</i> | % |
| The XSS Group Limited and its subsidiaries (<i>note 1</i>) | 361,300,276 | 6.11 | 361,300,276 | 5.70 |
| Shimmer Expert Investments Limited (<i>note 2</i>) | 179,548,000 | 3.04 | 179,548,000 | 2.84 |
| Parklane International Holdings Limited (<i>note 3</i>) | 87,592,592 | 1.48 | 87,592,592 | 1.38 |
| Ocean Line and its associates | 878,704,440 | 14.86 | 1,298,604,440 | 20.50 |
| Public Shareholders | 4,407,234,095 | 74.51 | 4,407,234,095 | 69.58 |
| | <u>5,914,379,403</u> | <u>100.00</u> | <u>6,334,279,403</u> | <u>100.00</u> |

Notes:

- These WN Shares are held indirectly by The XSS Group Limited, a company incorporated in the British Virgin Islands, and 50%, 20% and 30% issued share capital of which is beneficially owned by Mr. Luk Kin Peter Joseph (an executive Director), Ms. Cheung Sze Wai (Mr. Luk's spouse) and Ms. Chong Yee Kwan (Mr. Luk's mother) respectively.
- These WN Shares are held by Shimmer Expert Investments Limited, a company incorporated in the British Virgin Islands, and the entire issued share capital of which is beneficially owned by Groom High Investments Limited. Groom High Investments Limited is a company incorporated in the British Virgin Islands, the entire issued share capital of which is beneficially owned by Ms. Zhang Li, a director of a subsidiary of the Company.
- These WN Shares are held by Parklane International Holdings Limited, a company incorporated in the British Virgin Islands, and the entire issued share capital of which is beneficially owned by Mr. Leung Chi Yan, a director of certain subsidiaries of the Company.
- This percentage interest to be held by Ocean Line and its associates is for illustrative purposes only. Pursuant to the terms of the 2014 CB and the Convertible Bond, unless prior approval from FIRB has been obtained by the holder of the 2014 CB and/or the Convertible Bond (and/or its associates as defined under section 6 of FATA), conversion of the 2014 CB and/or the Convertible Bond can only take place if the holder of the 2014 CB and/or the Convertible Bond and its associates will not be interested in more than 14.9% of the then enlarged issued share capital of the Company.

LETTER FROM THE BOARD

FUND RAISING IN THE PAST 12 MONTHS

The following table sets out the equity fund raising activities conducted by the Group in the past 12 months immediately preceding the Latest Practicable Date:

| Date of announcement | Event | Net proceeds | Intended use of proceeds | Actual application of the net proceeds |
|-----------------------------|--|---------------------------------|---|---|
| 12 December 2011 | Issue of new WN Shares and the 2014 CB | Approximately HK\$506.8 million | To partially finance the cash portion of the consideration for the Offer. | The net proceeds have not been utilised and have been placed in bank deposits. The offer period for the Offer is scheduled to close on 23 April 2012. The net proceeds are intended to partially finance the cash portion of the consideration for the Offer. |
| 6 March 2012 | Issue of the Bond/Convertible Bond | Approximately HK\$78 million | To partially finance the cash portion of the consideration for the Offer. | The Bond has been issued. Subject to obtaining Independent Shareholders' approval for the CB Subscription, the Bond shall be redeemed and the proceeds from the redemption will be used to subscribe for the Convertible Bond, effectively replacing the Bond with the Convertible Bond. The net proceeds from the issue of the Bond/Convertible Bond have not been utilised and have been placed in bank deposits. The Offer is scheduled to close on 23 April 2012. The net proceeds are intended to partially finance the cash portion of the consideration for the Offer. |

LISTING RULES REQUIREMENTS AND THE SGM

Ocean Line is a substantial shareholder of the Company and is thus a connected person of the Company. As such, the CB Subscription constitutes a connected transaction for the Company subject to Independent Shareholders' approval pursuant to the requirements of

LETTER FROM THE BOARD

Chapter 14A of the Listing Rules. Ocean Line and its associates who in aggregate held 878,704,440 WN Shares (approximately 14.86% of the WN Shares in issue) as at the Latest Practicable Date are required to abstain from voting in respect of the resolution in relation to the CB Subscription. None of the Directors have a material interest in the CB Subscription and as such none of the Directors abstained from voting on the relevant board resolution in relation to the CB Subscription.

RECOMMENDATION

The Independent Board Committee, having taken into account the advice of KBC Bank, considers that the CB Subscription is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote for the resolution to approve the CB Subscription and the transactions contemplated thereunder. The text of the letter from the Independent Board Committee is set out on page 16 of this circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendation from the Independent Board Committee to the Independent Shareholders which has been prepared for the purpose of inclusion in this circular:



WAH NAM INTERNATIONAL HOLDINGS LIMITED

華南投資控股有限公司*

(incorporated in Bermuda with limited liability)

(SEHK stock code: 159)

(ASX stock code: WNI)

27 March 2012

To the Independent Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION SUBSCRIPTION OF CONVERTIBLE BOND

We refer to the circular of the Company dated 27 March 2012 (the “Circular”), of which this letter forms part. Unless specified otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed by the Board as members of the Independent Board Committee to advise you on the CB Subscription. KBC Bank has been appointed as the independent financial adviser to advise you and us in this regard. Details of their advice, together with the principal factors and reasons they have taken into consideration in giving such advice, are set out on pages 17 to 27 of the Circular. Your attention is also drawn to the letter from the Board in the Circular.

Having considered the terms of the CB Subscription and the advice of KBC Bank, in particular the principal factors and reasons set out in its letter on pages 17 to 27 of the Circular, we consider that the terms of the CB Subscription are fair and reasonable so far as the Independent Shareholders are concerned, and the CB Subscription is in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the CB Subscription.

Yours faithfully,
Independent Board Committee

Lau Kwok Kuen, Eddie
*Independent
non-executive Director*

Uwe Henke Von Parpart
*Independent
non-executive Director*

Yip Kwok Cheung, Danny
*Independent
non-executive Director*

* for identification purpose only

LETTER FROM KBC BANK

The following is the text of a letter of advice from KBC Bank, the independent financial adviser to the Independent Board Committee and Independent Shareholders in respect of the CB Subscription, which has been prepared for the purpose of incorporation into this circular.



39/F Central Plaza
18 Harbour Road
Hong Kong

27 March 2012

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the CB Subscription, details of which are set out in the section headed “Letter from the Board” (the “Board Letter”) in the circular dated 27 March 2012 (the “Circular”) of which this letter forms part. Unless otherwise defined herein, terms used in this letter shall have the same meaning as those defined in the Circular.

On 6 March 2012, the Company and Ocean Line entered into the Bond Subscription Agreement, pursuant to which the Company agreed to issue and Ocean Line agreed to subscribe for the Bond with a principal amount of HK\$78,000,000. On the same date, the Company and Ocean Line also entered into the CB Subscription Agreement, pursuant to which the Company agreed to issue and Ocean Line agreed to subscribe for the Convertible Bond in the same principal amount of HK\$78,000,000. Since Ocean Line (and its associates), in aggregate holding 878,704,440 WN Shares (representing approximately 14.86% of the WN Shares in issue as at the Latest Practicable Date), is a substantial Shareholder and thus a connected person of the Company, both the Bond Subscription and the CB Subscription will constitute connected transactions for the Company. Given that the Bond is unsecured and is on normal commercial terms, under Chapter 14A of the Listing Rules, only the CB Subscription is subject to the independent shareholders’ approval requirement. The Bond Subscription was completed on 12 March 2012. Following the Independent Shareholders’ approval to the CB Subscription, the Bond shall be redeemed in full and the proceeds from the redemption will be applied for subscription of the Convertible Bond by Ocean Line.

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The Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Lau Kwok Kuen, Eddie, Mr. Uwe Henke Von Parpart and Mr. Yip Kwok Cheung, Danny, has been established to advise the Independent Shareholders in respect of the CB Subscription. We, KBC Bank N.V. Hong Kong Branch, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the CB subscription is conducted in the ordinary and usual course of the business of the Company and on normal commercial terms and the terms of the CB Subscription are fair and reasonable in so far as the interest of the Company and the Independent Shareholders as a whole are concerned.

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 CB Subscription Agreement; and (iii) the results announcement of the Company for the twelve months ended 31 December 2011. 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 and the management of the Company 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. In addition, 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 at the date of despatch of the Circular.

We consider that we have reviewed sufficient information to enable us to reach an informed view regarding the CB Subscription 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 its respective associates.

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PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Background

In December 2011, the Company made the Offer to acquire all the BRM Shares in issue not owned already by WN Australia for an aggregate consideration of 1.5 Australian dollar ('AUD') and 18 WN Shares for each BRM Share. As described in the circular of the Company's dated 15 December 2011 (the "2011 Circular"), in order to finance part of the cash portion of the consideration for the Offer, the Company entered into a subscription agreement (the "2011 Subscription Agreement") with Ocean Line such that Ocean Line would subscribe for (i) 555,100,000 new WN Shares at the subscription price of HK\$0.6 per each new WN Share (the "2011 Share Subscription"); and (ii) 2014 CB which has a principal amount of HK\$173,940,000 and is convertible into 289,900,000 WN Shares at the initial conversion price of HK\$0.6 (the "2014 CB Subscription"). Furthermore, the Company also entered into the Underwriting Agreement with REORIENT Financial Markets Limited (the "Placing Agent") for the placing of 130,000,000 new WN Shares at the placing price (the "Placing Price") of HK\$0.6 per new WN Share on a fully underwritten basis. As at the Latest Practicable Date, the 2011 Share Subscription and the 2014 CB Subscription have been completed and, as a result, the equity interest of Ocean Line and its associates in the Company has been increased to approximately 14.86%. In addition, as disclosed in the Company's announcement dated 31 January 2012, in order to allow flexibility in relation to the completion of the Placing, the Company entered in a supplemental agreement with the Placing Agent in January 2012 such that (i) the long stop date of the Placing had been extended to 6 April 2012; and (ii) a termination right has been granted to the Company to the effect that it may terminate the Underwriting Agreement in its absolute discretion. As confirmed by the management of the Company and the Placing Agent that due to the recent unfavourable market sentiment, no WN Share has been placed under the Underwriting Agreement since December 2011.

2. The Bond Subscription

With a view to gaining a quicker access to the funds for matching the timetable for the Offer (which is expected to be closed on 23 April 2012), the management of the Company has decided to replace the Placing with raising funds from Ocean Line. We understand that it is the intention of Ocean Line to subscribe for the Convertible Bond; however, due to the fact that the CB Subscription is subject to the approval of the Independent Shareholders and certain administrative procedures (such as the convening of SGM), Ocean Line agreed to proceed with the Bond Subscription to be

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followed by the CB Subscription in order for the Company to satisfy its immediate funding needs during the remaining period of the Offer. As such, the Bond will be redeemed in full after the Company has obtained the approval of the Independent Shareholders and the proceeds from the redemption will be applied by Ocean Line to subscribe for the Convertible Bond (i.e. essentially replacing the Bond with the Convertible Bond) and no interest of the Bond shall be payable for such early redemption by the Company for the abovementioned purpose.

We also understand from the management of the Company that other forms of financing alternatives (such as rights issue, open offer and external debt financing) will not be able to satisfy its immediate funding need of the Company for the remaining period of the Offer due to (i) the lengthy time period for compliance and administrative procedures involved for those equity financing alternatives (such as rights issue and open offer); and (ii) the fact that substantial time would be needed to complete the procedures (including application and assessment processes) for obtaining external debt financing.

3. The CB Subscription

(i) Satisfaction of the immediate funding requirement for the Offer

The Group is principally engaged in, among other things, (i) exploitation, processing and sales of mineral resources, including copper, zinc, and lead ore concentrates in the PRC; (ii) acquisition, exploration and development of mineral tenements in Australia; and (iii) provision of limousine rental and airport shuttle bus services in Hong Kong. We understand from the management of the Company that it is the development plan of the Company to become a developer of strategic mining assets in politically stable, mineral resource-rich countries and the Company has restructured its business to focus on strategic acquisition of iron-ore projects. The two takeover offers launched by the Company in November 2010 and 2011 (i.e. the Offer) to acquire the equity interest of BRM not owned by it at the time these offers were made represented significant steps for the Group in achieving its objectives to (i) become a developer of strategic mining assets; (ii) substantially increase its mineral resources; and (iii) position itself as an iron ore producer both in the Pilbara region and globally. In addition, based on our discussion with the management of the Company, we understand that, given the mineral resources of the Marillana Project of 1.63 billion tonnes hematite, it has been the intention of the Company to have BRM becoming its wholly-owned subsidiary of the Company.

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As mentioned above, both the Bond Subscription and the CB Subscription are a package arrangement with Ocean Line to finance the cash portion of the consideration for the Offer. Accordingly, we consider that the CB Subscription is incidental to the overall business plan of the Company and is conducted in the usual and ordinary course of the business of the Group.

(ii) *Restricted dilution impact of the Convertible Bond*

The Convertible Bond contains a number of features that are similar to that of the Placing, such as (i) the initial Conversion Price of HK\$0.6 being the same as the Placing Price; (ii) the principal amount of HK\$78 million being the same as the expected gross proceeds raised from the Placing; and (iii) the same number of new WN Shares will be issued under the Placing and the CB Subscription. However, unlike the Placing which involves the placing of the 130,000,000 WN Shares to investors and will result in the shareholding of the Independent Shareholders being immediately diluted from the current 74.51% to 72.91% (or even to 69.58% if the conversion rights attached to the 2014 CB has been exercised in full), the Convertible Bond has contained provision which restricts the exercise of the conversion right attached to it such that Ocean Line cannot exercise the conversion rights of the Convertible Bond unless and until the conversion rights of the 2014 CB have been exercised in full (or until Ocean Line has transferred all its interests in the 2014 CB to an independent third party).

Although the CB Subscription does not have the same immediate dilution effect on the shareholding of the Independent Shareholders as the Placing, it will still dilute the shareholding of the Independent Shareholders upon Conversion into the Conversion Shares. However, taking into consideration the Bond Subscription and the CB Subscription being a package arrangement demanded by Ocean Line, the Conversion Price (as detailed below) and the waiver of the annual interest rate of 12% carried by the Bond following its redemption for subscribing the Convertible Bond, we are of the view that the dilution effect of the Convertible Bond is acceptable.

(iii) *Strengthening strategic relationship with Ocean Line*

We understand from the management of the Company that the subscription of the Convertible Bond by Ocean Line is of long term rather than trading nature. Furthermore, Ocean Line is one of the largest privately owned shipping companies in Hong Kong with a major focus on the shipment of

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bulk commodities by its bulk carriers operating worldwide regularly serving mining and commodity trading companies. It is the subscriber under both the 2011 Share Subscription and the 2014 CB Subscription. We concur with the management of the Company that Ocean Line's further investment in the Company through the CB Subscription will not only represent its commitment to the future business development of the Company, but will at the same time, strengthen the Group's strategic relationship with Ocean Line, whereby such benefits cannot be obtained through the Placing or exercising the Company's right under the Underwriting Agreement to request the Placing Agent to fully underwrite the 130,000,000 WN Shares at the Placing Price of HK\$0.6 to achieve the same fund raising amount of HK\$78 million (not to mention that the Placing Agent is a financial institution which will likely to readily make arrangement to dispose of the 130,000,000 WN Shares underwritten to investors when opportunities arises and thus will potentially cause a downward pressure on the market price of the WN Shares upon its divestment of the underlying WN Shares).

4. Major terms of the Convertible Bond

The Convertible Bond with principal amount of HK\$78 million, has tenure of 3 years and bears an interest of 5% per annum which is convertible into 130,000,000 Conversion Shares at the initial Conversion Price of HK\$0.6 per Conversion Share. The principal amount of the Convertible Bond which remains outstanding on Maturity Date shall be automatically redeemed by the Company, and unless prior written consent from the holder of the Convertible Bond, the Company shall have no right to redeem any part of the outstanding principal amount of the Convertible Bond prior to the Maturity Date. Interest of the Convertible Bond is payable on redemption of the outstanding principal amount of the Convertible Bond on the Maturity Date.

(I) The Conversion Shares

The 130,000,000 Conversion Shares to be allotted and issued upon full Conversion represent approximately (i) 2.20% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) 2.15% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

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(II) The Conversion Price

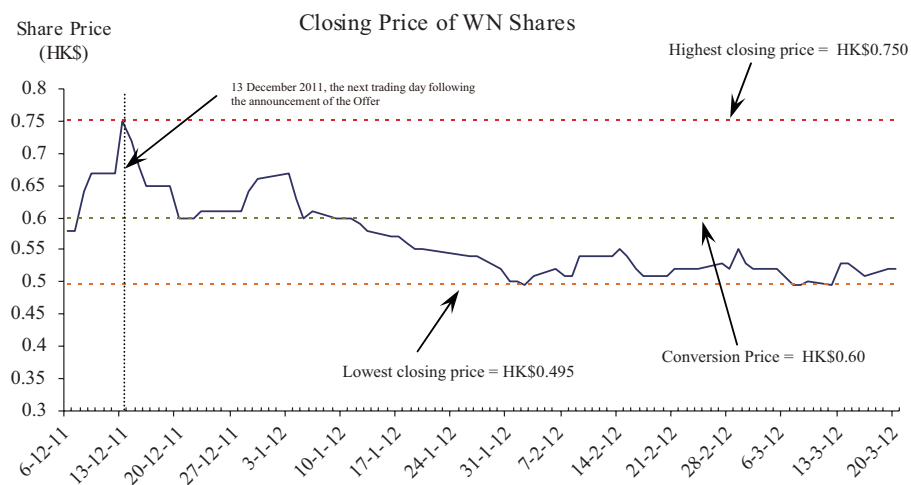
The Conversion Price of HK\$0.6 per Conversion Share, which is the same at the initial conversion price under the 2014 CB and the Placing Price, was determined with reference to the terms of the 2014 CB, the prevailing market price and the recent trading volume of the WN Shares and was negotiated on an arm's length basis between the Company and Ocean Line.

The Conversion Price of HK\$0.60 represents:

- (i) a premium of approximately 15.4% over the closing price of HK\$0.52 per WN Share as quoted on the Stock Exchange on 5 March 2012, being the last trading day prior to the date of the CB Subscription Agreement (the "Last Trading Day");
- (ii) a premium of approximately 13.2% over the average closing price per WN Share of approximately HK\$0.53 as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including 5 March 2012;
- (iii) a premium of approximately 13.2% over the average closing price per WN Share of approximately HK\$0.53 as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including 5 March 2012;
- (iv) a premium of approximately 15.4% over the average closing price per WN Share of approximately HK\$0.52 as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including 5 March 2012; and
- (v) a premium of approximately 15.4% over the closing price per WN Share of approximately HK\$0.52 as quoted on the Stock Exchange for the Latest Practicable Date.

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The chart below illustrates the closing prices of WN Shares during the period from 6 December 2011 up to and including the Latest Practicable Date (the “Review Period”):



Source: Bloomberg

As noted from the chart above, during the Review Period, the average closing price of the WN Share amounted to approximately HK\$0.564 and the closing prices of the WN Shares were within the range of HK\$0.495 to HK\$0.75 per WN Share. During the Review Period, the closing price of the WN Share was peaked at HK\$0.75 on 13 December 2011 (the next trading day following the announcement of Offer) and since then, the closing prices of the WN Shares have been on downward trend and were mostly below HK\$0.6 after mid-January 2012.

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(III) Comparison of the Conversion Price with the Comparable transactions

For the purpose of further assessing the fairness and reasonableness of the Conversion Price and the interest rate of the Convertible Bond, we have, based on the information available from the Stock Exchange's website and to the best of our knowledge, identified all the fund raising exercises conducted by companies listed on the Stock Exchange involving the issue of convertible bonds (the "Comparable Transactions") during the period from 6 December 2011 up to the Latest Practicable Date which are summarised as follows:

| | Announcement Date | Company | Stock Code | Expected gross proceeds (HK\$ Million) | Tenure (Years) | Interest rate per annum (%) | Premium/(discount) of the underlying conversion price over the average closing | | |
|----------------------|-------------------|--|------------|--|----------------|-----------------------------|--|---|-----------------|
| | | | | | | | 5 trading days immediately prior to the date of announcement | 10 trading days immediately prior to the date of announcement | |
| 2011 | | | | | | | | | |
| 1 | 6 December | New Environmental Energy Holdings Limited | 3989 | 100 | 3 | Nil | 14.29% | 12.83% | |
| 2 | 9 December | Computech Holdings Ltd. | 8081 | 50 | 3 | Nil | (45.30%) | (44.87%) | |
| 3 | 13 December | Interchina Holdings Company Ltd. | 202 | 295 | 3 | 2% | (15.99%) | (12.43%) | |
| 4 | 19 December | Kai Yuan Holdings Ltd. | 1215 | 280 | 2 | 3.5% | (5.06%) | (6.83%) | |
| 5 | 20 December | Ping An Insurance (Group) Company of China, Ltd. | 2318 | 32,000 | 6 | 3% | (Note 1) | (Note 1) | |
| 2012 | | | | | | | | | |
| 6 | 18 January | Chiho-Tiande Group Limited | 976 | 816 | 3 | 4% | 53.45% | 51.82% | |
| 7 | 19 January | Li Ning Company Limited | 2331 | 923 | 5 | 4% | 11.20% | 14.30% | |
| 8 | 20 January | Hong Long Holdings Limited | 1383 | 30 | 1 | 0.1% | (19.95%) | (21.33%) | |
| 9 | 20 January | China Public Healthcare (Holding) Limited | 8116 | 100 | 5 | Nil | (19.93%) | (20.58%) | |
| 10 | 26 January | Opes Asia Development Limited | 810 | 75 | 3 | 3% | 1.41% | 1.55% | |
| 11 | 27 January | China Properties Group Limited (Note 2) | 1838 | 500 | 6 | 5% | 0.00% | 0.21% | |
| 12 | 31 January | China Ocean Shipbuilding Industry Group Limited | 651 | 105 | 3 | 3% | 45.63% | 47.06% | |
| 13 | 16 February | China Environmental Resources Group Limited | 1130 | 20 | 1 | 1.5% | 25.94% | 28.04% | |
| 14 | 26 February | Larry Jewelry International Company Limited | 8351 | 72 | 2 | 3% | 8.70% | 9.59% | |
| 15 | 2 March | Pacific Century Premium Developments Limited | 432 | 2,904 | 5 | 5.5% | 26.70% | 33.44% | |
| 16 | 7 March | Siberian Mining Group Company Limited | 1142 | 546 | 3 | 3% | 12.55% | 12.80% | |
| 17 | 13 March | China Eco-Farming Limited | 8166 | 20 | 3.5 | Nil | 24.69% | 27.71% | |
| 18 | 14 March | 361 Degrees International Limited | 1361 | 1,170 | 5 | 4.5% | 20.60% | 18.00% | |
| 19 | 14 March | China Overseas Grand Oceans Group Ltd. | 81 | 2,200 | 5 | 2% (Note 3) | 32.05% | 33.46% | |
| | | | | | | Minimum | 0.00% | (45.30%) | (44.87%) |
| | | | | | | Median | 3.00% | 11.88% | 12.82% |
| | | | | | | Mean | 2.48% | 9.50% | 10.27% |
| | | | | | | Maximum | 5.50% | 53.45% | 51.82% |
| The Convertible Bond | | | | | | | 5% | 13.6% | 13.21% |

Source: Website of the Stock Exchange

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Note:

1. The conversion price of this convertible bond was not determined at the time of the corresponding announcement and is not published as at the Latest Practicable Date.
2. The tenure of this convertible bond was revised from 4 years to 6 years per China Properties Group Limited's announcement dated 21 February 2012.
3. The convertible bonds bear interest of 2% per annum for the first 3 years. No interest will be paid for the fourth and fifth years of tenure.

As illustrated from the table and the chart above, we noted that (i) the premiums of the Conversion Price over the average closing prices of WN Shares on the 5 and 10 consecutive trading days prior to the Last Trading Day are both within the range and greater than the mean and median of the Comparable Transactions; (ii) the Conversion Price is significantly higher than the recent closing prices of the WN Shares; and (iii) the interest rate of the Convertible Bond is within those of the Comparable Transactions. Having considered the above, in particular, (i) the further enhancement on the strategic development with Ocean Line as a result of the CB Subscription; (ii) the restriction on the exercise of the conversion right attached to the Convertible Bond to mitigate the immediate dilution impact on the Independent Shareholders; (iii) the interest rate of the Convertible Bond is the same as that of the 2014 CB; and (iv) the interest rate of the Convertible Bond is substantially lower than the interest rate of the Bond, we considered that the terms of the Convertible Bond are fair and reasonable in so far as the interest of the Company and the Independent Shareholders as a whole are concerned.

5. Financial impact of the CB Subscription

As at the Latest Practicable Date, the Bond Subscription has been completed and the Company has received from Ocean Line the proceed of HK\$78,000,000. Upon fulfillment of conditions precedent (including Independent Shareholders' approval at the SGM), the Convertible Bond will be issued accordingly, and the proceed of HK\$78,000,000 from the issue of which will be applied to redeem the Bond as agreed under the Bond Subscription Agreement. There will be no change in the cash position of the Company after the issue of Convertible Bond. The interest of the Convertible Bond will be accrued from the date of its issue and paid upon Maturity Date (the third anniversary of the Issue Date), together with the relevant outstanding principal amount of the Convertible Bond which has not been converted into Conversion Shares.

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RECOMMENDATION

Having considered the aforesaid principal factors, we are of the view that the CB Subscription is conducted in the ordinary and usual course of business of the Company and on normal commercial terms and the terms of the CB Subscription Agreement are fair and reasonable in so far as the interest of the Company and the Independent Shareholders as a whole are concerned. Accordingly, we would recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the CB Subscription.

Yours faithfully,

For and on behalf of

KBC Bank N.V. Hong Kong Branch

Kenneth Chan

*Head of Corporate Finance,
Greater China*

Alex Yeung

Corporate Finance

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately following completion of the CB Subscription and the Conversion (absent any other changes) will be as follows:

| | |
|---|--------------------------------|
| Authorised | <i>HK\$</i> |
| 10,000,000,000 WN Shares as at the Latest Practicable Date | <u><u>1,000,000,000.00</u></u> |
| Issued and fully paid | <i>HK\$</i> |
| 5,914,379,403 WN Shares as at the Latest Practicable Date | 591,437,940.30 |
| 130,000,000 Conversion Shares to be issued assuming full Conversion | <u>13,000,000.00</u> |
| | <u><u>604,437,940.30</u></u> |

As at the Latest Practicable Date, the 2014 CB with a principal amount of HK\$173,940,000 was outstanding. The 2014 CB due on 10 January 2014 is convertible into 289,900,000 new WN Shares at the prevailing conversion price of HK\$0.60 per WN Share. Unless prior approval from FIRB has been obtained, conversion of the 2014 CB can only take place if the holder of the 2014 CB (and/or its associates as defined under section 6 of FATA) will not be interested in more than 14.9% of the then enlarged issued share capital of the Company. Further details in respect of the terms of the 2014 CB are set out in the Company's circular dated 15 December 2011.

As at the Latest Practicable Date, the following options were outstanding:

- (a) 15,000,000 ASX-listed options, expiring on 30 September 2014 with an exercise price of AUD0.2 per WN Share; and
- (b) 131,500,000 unlisted options as follows:
 - (i) 8,500,000 share options, expiring on 17 January 2014 with an exercise price of HK\$1.164 per WN Share;
 - (ii) 27,000,000 share options, expiring on 10 February 2014 with an exercise price HK\$1.240 per WN Share;
 - (iii) 39,000,000 share options, expiring on 10 November 2013 with an exercise price HK\$2.00 per WN Share;
 - (iv) 50,000,000 share options, expiring on 31 December 2014 with an exercise price HK\$0.72 per WN Share; and
 - (v) 7,000,000 share options, expiring on 13 December 2015 with an exercise price HK\$0.72 per WN Share.

3. DISCLOSURE OF INTERESTS

(a) Disclosure of interests of Directors

As at the Latest Practicable Date, the interests of the Directors or chief executives of the Company in the WN Shares and the underlying WN Shares and any shares and underlying shares of its associated corporations (within the meaning of Part XV of the SFO), which were required 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 which were required pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Long position in the WN Shares and the underlying WN Shares

| Name of Director | Nature of interest | Number of WN Shares held | Interest in underlying WN Shares pursuant to share options | Approximate % of the issued share capital of the Company as at the Latest Practicable Date |
|---|--|--------------------------|--|--|
| Mr. Luk Kin Peter Joseph ("Mr. Luk") | Beneficial owner | — | 39,000,000 | 0.66% |
| | Interest in controlled corporation (Note 1) | 361,300,276 | — | 6.11% |
| Mr. Chan Kam Kwan, Jason | Beneficial owner | — | 1,500,000 | 0.03% |

| Name of Director | Nature of interest | Number of WN Shares held | Interest in underlying WN Shares pursuant to share options | Approximate % of the issued share capital of the Company as at the Latest Practicable Date |
|----------------------------|--------------------|--------------------------|--|--|
| Mr. Lau Kwok Kuen, Eddie | Beneficial owner | — | 1,000,000 | 0.02% |
| Mr. Uwe Henke Von Parpart | Beneficial owner | — | 1,000,000 | 0.02% |
| Mr. Yip Kwok Cheung, Danny | Beneficial owner | — | 1,000,000 | 0.02% |

Note:

1. Mr. Luk was interested in 361,300,276 WN Shares comprising (i) 110,092,000 WN Shares held by Equity Valley Investments Limited; (ii) 103,448,276 WN Shares held by Proudful Future Investments Limited; and (iii) 147,760,000 WN Shares held by Villas Green Investments Limited, the entire issued share capital of which were held by The XSS Group Limited, 50%, 20% and 30% of the issued share capital of which was held by Mr. Luk, Ms. Cheung Sze Wai (Mr. Luk's spouse) and Ms. Chong Yee Kwan (Mr. Luk's mother) respectively.

Apart from the above, as at the Latest Practicable Date, there was no interest of the Directors or chief executives of the Company in the WN Shares and the underlying WN Shares of the Company and any shares and underlying shares of its associated corporations (within the meaning of Part XV of the SFO), which were required 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 which were required pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

(b) Substantial Shareholders

As at the Latest Practicable Date, so far as is known to the Directors, the persons (not being a Director or chief executive of the Company) who had an interest or short position in the WN Shares and underlying WN Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Long positions in the WN Shares and the underlying WN Shares

| Name | Nature of interest | Number of WN Shares or underlying WN Shares | Approximate % of the issued share capital of the Company as at the Latest Practicable Date |
|---|---|---|--|
| The XSS Group Limited (<i>Note 1</i>) | Interest in controlled corporation | 361,300,276 | 6.11% |
| Cheung Sze Wai (<i>Note 1</i>) | Interest of spouse and interest in controlled corporation | 400,300,276 | 6.77% |
| China Guoyin Investments (HK) Limited (<i>Note 2</i>) | Beneficial owner | 321,661,070 | 5.44% |
| Zhu Yi Cai (<i>Note 2</i>) | Interest in controlled corporation | 321,661,070 | 5.44% |
| Ocean Line (<i>Note 3</i>) | Beneficial owner | 1,237,884,440 | 20.93% |
| Kwai Sze Hoi (“Mr. Kwai”) (<i>Note 3</i>) | Beneficial owner and interest in controlled corporation | 1,298,604,440 | 21.96% |
| Cheung Wai Fung (“Ms. Cheung”) (<i>Note 3</i>) | Beneficial owner and interest in controlled corporation | 1,298,604,440 | 21.96% |
| Shimmer Expert Investments Limited (<i>Note 4</i>) | Beneficial owner | 179,548,000 | 3.04% |
| Groom High Investments Limited (<i>Note 4</i>) | Interest in controlled corporation | 179,548,000 | 3.04% |
| Zhang Li (<i>Note 4</i>) | Interest in controlled corporation | 179,548,000 | 3.04% |

Notes:

1. These 361,300,276 WN Shares represent (i) 110,092,000 WN Shares held by Equity Valley Investments Limited; (ii) 103,448,276 WN Shares held by Prideful Future Investments Limited; and (iii) 147,760,000 WN Shares held by Villas Green Investments Limited, the entire issued share capital of which were held by The XSS Group Limited, 50%, 20% and 30% of the issued share capital of which were held by Mr. Luk, Ms. Cheung Sze Wai (Mr. Luk's spouse), and Ms. Chong Yee Kwan (Mr. Luk's mother), respectively. Mr. Luk is a director of The XSS Group Limited. Ms. Cheung Sze Wai is also deemed to be interested in 39,000,000 underlying WN Shares in relation to share options held by Mr. Luk.
2. These 321,661,070 WN Shares are held by China Guoyin Investments (HK) Limited, which is wholly owned by Mr. Zhu Yi Cai.
3. Ocean Line is owned as to 60% by Mr. Kwai and as to 40% by Ms. Cheung. Ocean Line's interests comprise (i) 817,984,440 WN Shares held by it; (ii) 289,900,000 underlying WN Shares in respect of the 2014 CB held by it; and (iii) 130,000,000 underlying WN Shares in respect of the Convertible Bond to be issued to Ocean Line subject to the CB Subscription Agreement. Mr. Kwai and Ms. Cheung in addition jointly hold 60,720,000 WN Shares.
4. These 179,548,000 WN Shares were held by Shimmer Expert Investments Limited, a company wholly-owned by Groom High Investments Limited, which is wholly-owned by Ms. Zhang Li. Ms. Zhang Li also held a 10% equity interest in Luchun Xingtai Mining Company Limited, a 90%-owned subsidiary of the Company.

Save as disclosed above, there was no person (not being a Director or chief executive of the Company) known to the Directors, who, as at the Latest Practicable Date, had an interest or short position in the WN Shares and underlying WN Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into any service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

5. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENT SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired, disposed of by or leased to or which were proposed to be acquired, disposed of by or leased to any member of the Group, since 31 December 2010, the date to which the latest published audited financial statements of the Group were made up.

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which a Director was materially interested and which was significant in relation to the business of the Group.

6. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors and their respective associates were interested in any business apart from the Group's businesses which competed or was likely to compete, either directly or indirectly, with the Group's businesses as required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

7. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given opinions or advice contained or mentioned in this circular:

| Name | Qualification |
|-------------|--|
| KBC Bank | KBC Bank N.V., acting through its Hong Kong Branch, a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) and a registered institution registered for Type 6 (advising on corporate finance) regulated activities under the SFO |

KBC Bank has given, and has not withdrawn, its written consent to the issue of this circular with the inclusion of its letter of advice and references to its name in the form and context in which they appear.

As at the Latest Practicable Date, KBC Bank was not beneficially interested in the share capital of any member of the Group nor did it have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group and did not have any direct or indirect interest in any assets which had been acquired, disposed of by or leased to or which were proposed to be acquired, disposed of by or leased to any member of the Group, since 31 December 2010, the date to which the latest published audited financial statements of the Group were made up.

8. NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there had been no material adverse change in the financial or trading position or prospect of the Group since 31 December 2010, the date to which the latest published audited consolidated financial statements of the Group were made up.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the office of the Company at Room 1003, 10/F Knutsford Commercial Building, 4-5 Knutsford Terrace, Tsim Sha Tsui, Kowloon, Hong Kong for the period of 14 days from the date of this circular:

- (a) the Bond Subscription Agreement;
- (b) the CB Subscription Agreement; and
- (c) the Underwriting Agreement.

10. MISCELLANEOUS

- (a) The secretary of the Company is Chan Kam Kwan, Jason. Mr. Chan is a member of the American Institute of Certified Public Accountants.
- (b) The Hong Kong branch share registrar of the Company is Tricor Secretaries Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong while the Australia branch share registrar of the Company is Computershare Investor Services Pty Limited, Level 2, 45 St Georges Terrace, Perth, WA 6000, Australia.
- (c) The English text of this circular shall prevail over the Chinese text, in case of any inconsistency.



WAH NAM INTERNATIONAL HOLDINGS LIMITED

華南投資控股有限公司*

(incorporated in Bermuda with limited liability)

(SEHK stock code: 159)

(ASX stock code: WNI)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “SGM”) of Wah Nam International Holdings Limited (the “Company”) will be held at Suites 1102-03, 11/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong on Thursday, 19 April 2012 at Hong Kong time 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution with or without amendments:

ORDINARY RESOLUTION

“**THAT**

- (a) the execution of the conditional subscription agreement dated 6 March 2012 (the “**CB Subscription Agreement**”, a copy of which is marked “A” and initialled by the chairman of the SGM for identification purpose and tabled at the SGM) made between the Company (as issuer) and Ocean Line Holdings Limited (as subscriber) (the “**Subscriber**”), pursuant to which the Subscriber has agreed to subscribe for a convertible bond in the aggregate principal amount of HK\$78,000,000 (the “**Convertible Bond**”) to be issued by the Company, and all transactions contemplated thereunder be and are hereby approved, ratified and confirmed;
- (b) the creation and issue by the Company of the Convertible Bond to the Subscriber pursuant to the terms of the CB Subscription Agreement be and are hereby approved;
- (c) the allotment and issue of shares in the capital of the Company upon the exercise of the conversion rights attaching to the Convertible Bond be and are hereby approved;
and

* *for identification purpose only*

NOTICE OF SGM

- (d) the directors of the Company (“**Directors**”) or a duly authorised committee of the board of Directors be and are hereby authorised to do all such acts and things (including, without limitation, signing, executing (under hand or under seal), perfecting and delivery of all agreements, documents and instruments) which are in their opinion, necessary, appropriate, desirable or expedient to implement or to give effect to the terms of the CB Subscription Agreement and all transactions contemplated thereunder and all other matters incidental thereto or in connection therewith and to agree to and make such variation, amendment and waiver of any of the matters relating thereto or in connection therewith that are, in the opinion of the Directors, not material to the terms of the CB Subscription Agreement and all transactions contemplated thereunder and are in the interests of the Company.”

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

Hong Kong, 27 March 2012

Registered office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head office and principal place of business

in Hong Kong:
Room 1003
10/F Knutsford Commercial Building
4-5 Knutsford Terrace
Tsim Sha Tsui
Kowloon

Notes:

1. A member entitled to attend and vote at the SGM is entitled to appoint one or more than one proxy to attend and, subject to the provisions of the bye-laws of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the SGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of WN Shares in respect of which each such proxy is so appointed.
2. A form of proxy for use at the SGM is enclosed. Whether or not you intend to attend the SGM in person, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the SGM or any adjournment thereof, should he so wish.

NOTICE OF SGM

3. **If your shares in the Company are recorded under the Company’s Hong Kong share registrar or the Company’s Bermuda principal share registrar, please complete the Hong Kong proxy form and return it, together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, to the Company’s branch share registrar in Hong Kong, Tricor Secretaries Limited. Please read and follow the instructions, including the deadline, on the Hong Kong proxy form to lodge the form.**

If your shares in the Company are recorded under the Company’s Australia share registrar, please complete the Australia proxy form and return it, together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, to the Company’s branch share registrar in Australia, Computershare Investor Services Pty Limited. Please read and follow the instructions, including the deadline, on the Australia proxy form to lodge the form. You can appoint up to two proxies by lodging the Australia proxy form. Should you wish to appoint more proxies, please fax your written request to the Company at +852 3169 3630 no later than 10:00 a.m. Australian Western Standard Time on 17 April 2012.