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## **THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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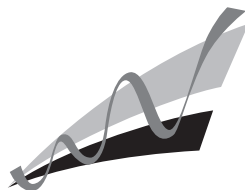
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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

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

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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)**

### **PROPOSED REFRESHMENT OF GENERAL MANDATE PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL AND NOTICE OF SPECIAL GENERAL MEETING**

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

  
**Optima Capital Limited**

*(Formerly known as VXL Financial Services Limited)*

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A letter from the Board is set out on pages 3 to 6 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 7 of this circular. A letter from Optima Capital containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 8 to 12 of this circular.

A notice convening a special general meeting of Wah Nam International Holdings Limited to be held at Room 902, 9th Floor, East Ocean Centre, 98 Granville Road, Tsimshatsui East, Kowloon, Hong Kong at 2:30 p.m. on 18 September 2007, Tuesday is set out on pages 13 to 15 of this circular. A form of proxy for use at the special general meeting is enclosed. 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 enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for holding such meeting or any adjourned meeting. 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.

31 August 2007

\* *For identification purpose only*

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## DEFINITIONS

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

“2007 AGM”	the annual general meeting of the Company held on 25 April 2007
“Acquisition”	the acquisition of the entire issued share capital of Perryville under the S&P Agreement
“associate(s)”	have the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company
“Company”	Wah Nam International Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Conversion Shares”	new Shares falling to be issued by the Company upon exercise of the convertible note with a principal amount of HK\$120 million to be issued by the Company to Parklane International Holdings Limited on completion of the S&P Agreement
“Directors”	the directors of the Company
“Existing General Mandate”	the existing general and unconditional mandate granted by the Shareholders to the Directors at the 2007 AGM to allot, issue and deal in up to 118,967,530 new Shares
“Existing Repurchase Mandate”	the existing general and unconditional mandate granted by the Shareholders to the Directors at the 2007 AGM to exercise the power of the Company to repurchase up to 59,483,765 Shares
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$ ”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	the independent committee of the Board, comprising the independent non-executive Directors, namely Au-Yeung Tsan Pong, Davie, Fung Ka Choi and Wong Chu Fung, established for the purpose of advising the Independent Shareholders on the New General Mandate
“Independent Shareholders”	holders of the Shares other than Mr. Cheng and his associates
“Latest Practicable Date”	29 August 2007, being the latest practicable date for ascertaining certain information referred to in this circular prior to the printing of this circular
“Leading Highway”	Leading Highway Limited, a company incorporated in the British Virgin Islands with limited liability and the entire issued share capital of which is owned by Mr. Cheng
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

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## DEFINITIONS

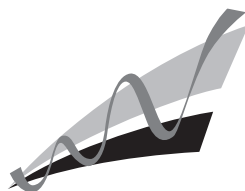
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“Mr. Cheng”	Mr. Cheng Yung Pun, the chairman and controlling shareholder of the Company
“New General Mandate”	the general mandate proposed to be granted to the Directors at the SGM to allot, issue and otherwise deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of the SGM which is proposed to be extended by adding to it the aggregate nominal amount of Shares repurchased by the Company pursuant to the Existing Repurchase Mandate
“Optima Capital”	Optima Capital Limited (formerly known as VXL Financial Services Limited), a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the grant of the New General Mandate
“Perryville”	Perryville Group Limited, a company incorporated in the British Virgin Islands with limited liability and beneficially wholly-owned by Parklane International Holdings Limited
“Perryville Group”	Perryville and its subsidiaries, namely Parklane Limousine Service Limited and Airport Shuttle Services Limited
“S&P Agreement”	the conditional sale and purchase agreement entered into between the Company and Parklane International Holdings Limited on 13 June 2007 in respect of the Acquisition
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held at Room 902, 9th Floor, East Ocean Centre, 98 Granville Road, Tsimshatsui East, Kowloon, Hong Kong, at 2:30 p.m. on 18 September 2007, Tuesday
“Shareholder(s)”	holder(s) of Shares
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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## LETTER FROM THE BOARD

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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)

**Directors:**

*Executive Directors:*

Cheng Yung Pun (*Chairman*)

Yu Sui Chuen

Cheng Wing See, Nathalie

*Non-Executive Director:*

Luo ZhiJian

*Independent Non-Executive Directors:*

Au-Yeung Tsan Pong, Davie

Fung Ka Choi

Wong Chu Fung

**Registered Office:**

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

**Head office and  
principal place of business:**

Room 902, 9th Floor

East Ocean Centre

98 Granville Road

Tsimshatsui East

Kowloon, Hong Kong

31 August 2007

*To the Shareholders*

Dear Sir or Madam,

### **PROPOSED REFRESHMENT OF GENERAL MANDATE PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL AND NOTICE OF SPECIAL GENERAL MEETING**

#### **INTRODUCTION**

The purpose of this circular is (i) to provide the Shareholders with information on the proposed refreshment of general mandate and the proposed increase in authorised share capital of the Company; (ii) to set out the recommendation of the Independent Board Committee and the advice of Optima Capital in relation to the proposed granting of the New General Mandate; and (iii) to give you the notice of the SGM to be convened for the purpose of considering and, if thought fit, approving the necessary resolutions in relation to the proposed granting of the New General Mandate and increase in authorised share capital of the Company.

#### **PROPOSED REFRESHMENT OF GENERAL MANDATE TO ISSUE NEW SHARES**

At the SGM, ordinary resolutions will be proposed to the Independent Shareholders for approving: (a) the grant of the New General Mandate to authorise the Directors to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of the SGM; and (b) the extension of the New General Mandate by adding to it the aggregate nominal amount of Shares repurchased by the Company under the Existing Repurchase Mandate. The New General Mandate will continue in force until whichever is the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the revocation or variation of the

\* For identification purpose only

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## LETTER FROM THE BOARD

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authority given under the relevant resolution being passed by the Shareholders in general meeting; or (iii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws or any applicable laws to be held.

On the basis of a total of 713,737,652 Shares in issue as at the Latest Practicable Date and assuming that no other Shares will be issued or repurchased whatsoever between the Latest Practicable Date and the SGM, the New General Mandate (if granted) will empower the Directors to allot, issue and deal in up to a maximum of 142,747,530 new Shares, being 20% of the Shares in issue as at the Latest Practicable Date.

### REASONS FOR AND BENEFITS OF THE NEW GENERAL MANDATE

At the 2007 AGM, the Shareholders approved, among other things, an ordinary resolution to grant to the Directors the Existing General Mandate under which the Directors were authorised to allot, issue and deal with up to 118,967,530 Shares, which is equivalent to the then 20% issued share capital of the Company as at the date of the said resolution was passed.

The Existing General Mandate has almost been fully utilized for the allotment and issue of 118,900,000 new Shares pursuant to a top-up subscription agreement dated 15 May 2007 entered into between the Company and Leading Highway at a price of HK\$0.35 per Share. As at the Latest Practicable Date, the Company may issue up to 67,530 new Shares under the Existing General Mandate after the top-up subscription. It was stated in the announcement of the Company dated 15 May 2007 that the placing and the top-up subscription were carried out to broaden the capital base of the Company and the net proceeds from such issue of new Shares of approximately HK\$40.3 million would be used as general working capital of the Group. On 29 June 2007 the Company published an announcement regarding the Acquisition, in which the Company stated that the consideration for the Acquisition would be financed by the Group's internal resources. The Company has utilized HK\$30 million of the net proceeds from the top-up subscription to pay the deposit for the Acquisition up to the Latest Practicable Date. The remaining balance of the net proceeds will be utilized to finance the partial payment of the remaining cash consideration of the Acquisition. The Company does not consider the change of use of the net proceeds from the top-up subscription constitutes price sensitive information of the Company. Save for the above placing and top-up subscription, the Company has not carried out any other equity fund raising in the 12 months prior to the Latest Practicable Date.

The New General Mandate will empower the Directors to issue new Shares under the refreshed limit speedily as and when necessary, and without the need to seek further approval from the Shareholders. This could provide the Company with flexibility and ability to capture any appropriate capital raising or investment or business opportunity when they arise. The Company will explore appropriate equity fund raising opportunities and/or investment opportunities which may or may not require the use of the New General Mandate. As at the Latest Practicable Date, the Company did not have any definite plan which may utilize any part of the New General Mandate. If the Company proposes to issue any new Shares for business acquisitions or equity fund raising using the New General Mandate, it will make further announcement(s) as and when required. The Directors consider that it is in the interests and for the benefit of the Company and the Shareholders as a whole if the New General Mandate is granted.

### INCREASE IN AUTHORISED SHARE CAPITAL

As set out in the announcement of the Company dated 29 June 2007, the Board put forward a proposal to the Shareholders to increase the authorised ordinary share capital of the Company from HK\$80,000,000, divided into 800,000,000 Shares, to HK\$200,000,000, divided into 2,000,000,000 Shares, by the addition of HK\$120,000,000, divided into 1,200,000,000 new Shares which (when issued) will rank pari passu in all respects with all the existing Shares.

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## LETTER FROM THE BOARD

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The Company refers to the announcement of the Company dated 29 June 2007. Pursuant to the S&P Agreement entered into between the Company, as purchaser, and Parklane International Holdings Limited (“Parklane”), as vendor, the Company has conditionally agreed to acquire and Parklane has conditionally agreed to sell the entire issued share capital of Perryville subject to the terms and conditions of the S&P Agreement (the “Acquisition”). The Acquisition will involve, among other things, the issue of a convertible note by the Company with an aggregate principal amount of HK\$120,000,000 to Parklane, upon completion of the Acquisition. Such convertible note will carry rights to convert into 285,714,285 Conversion Shares (based on the initial conversion price of HK\$0.42 per Share, subject to adjustment).

Completion of the Acquisition is conditional upon, among other things, obtaining approval from the Shareholders.

As at the Latest Practicable Date, 713,737,652 Shares were in issue. The maximum number of 285,714,285 Conversion Shares which may be issued (at the initial conversion price) on conversion in full of the convertible note (which will be issued if the Acquisition completes) exceeds the existing available authorised but unissued ordinary share capital of the Company. Accordingly, the above proposal to increase the authorised share capital of the Company will be proposed at the SGM.

The Company considers that the increase in the authorised share capital of the Company will also allow the Company to issue new Shares for other possible business acquisition opportunities and possible share placements to raise capital from the market with a view to supporting the business development of the Group, including, among other things, the business of the Perryville Group after completion of the S&P Agreement and other possible acquisitions in the future. If the Company proposes to issue any new Shares for business acquisitions or equity fund raising, it will make further announcement(s).

The proposed increase in the authorised share capital of the Company is subject to approval of the Shareholders at the SGM. Under Bermuda law, the Company is required to file a memorandum of increase in the authorised share capital together with a certified resolution in respect thereof with the Bermuda Registrar of Companies within 30 days of the effective date of the increase.

The Acquisition is conditional on, among other things, the increase in the authorised share capital of the Company to an amount sufficient for the issue of the Conversion Shares. The proposed increase in the authorised share capital of the Company is not conditional on any transactions under the S&P Agreement.

### **IMPLICATIONS UNDER THE LISTING RULES**

Pursuant to Rule 13.36(4)(a) of the Listing Rules, any refreshment of the existing general mandate before the next annual general meeting shall be subject to the Independent Shareholders’ approval at a general meeting of the Company. The controlling Shareholder and its associates shall abstain from voting in favour of the resolutions in connection with the New General Mandate. Mr. Cheng, the chairman of the Company, through Leading Highway, was interested in 445,500,000 Shares of the Company, being approximately 62.4% of the issued share capital of the Company as at the Latest Practicable Date. Mr. Cheng, as the controlling Shareholder of the Company, and his associates will abstain from voting in favour of the resolutions in connection with the New General Mandate as set out in resolutions number 1 and number 2 in the notice of SGM. Mr. Cheng has indicated that he and his associates will not vote against the relevant resolutions.

Further, pursuant to Rule 13.39(4)(b) of the Listing Rules, any vote of the Independent Shareholders at the SGM will be taken by poll.

A separate resolution will be proposed at the SGM to approve the increase in authorised share capital of the Company. No Shareholders are required to abstain from voting in this regard.

### **SPECIAL GENERAL MEETING**

Set out on pages 13 to 15 of this circular is a notice convening the SGM to consider and, if appropriate, to approve the ordinary resolutions relating to the proposed granting of the New General Mandate and the proposed increase in authorised share capital of the Company.

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## LETTER FROM THE BOARD

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A form of proxy for the SGM is enclosed. Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon, as soon as possible and in any event not less than 48 hours before the time of the meeting to the office of the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjourned meeting(s) should you so wish.

### PROCEDURES FOR DEMANDING A POLL

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

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

### RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee as set out on page 7 of this circular which contains its recommendation to the Independent Shareholders on the New General Mandate. Your attention is also drawn to the letter from Optima Capital as set out on pages 8 to 12 of this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the above.

The Directors consider that the proposed granting of the New General Mandate and the proposed increase in the authorised share capital of the Company are in the interests of the Group and the Shareholders as a whole and so they recommend (i) all Shareholders to vote in favour of the ordinary resolution for approving the proposed increase in the authorised share capital of the Company and (ii) the Independent Shareholders to vote in favour of the ordinary resolutions in connection with the New General Mandate to be proposed at the SGM .

### RESPONSIBILITY STATEMENT

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

Yours faithfully,  
By Order of the Board  
**Cheng Yung Pun**  
*Chairman*

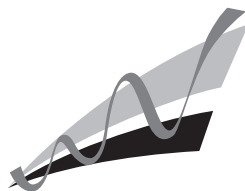


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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*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)*

**(Stock code: 159)**

31 August 2007

*To the Independent Shareholders*

Dear Sir or Madam,

#### **PROPOSED REFRESHMENT OF GENERAL MANDATE**

We refer to the circular of the Company dated 31 August 2007 (the “Circular”), of which this letter forms part. Unless specified otherwise, capitalized 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 New General Mandate. Optima Capital 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 8 to 12 of this Circular. Your attention is also drawn to the letter from the Board in the Circular.

Having considered the terms of the New General Mandate and the advice of Optima Capital, in particular the principal factors and reasons set out in its letter on pages 9 to 12 of the Circular, we consider that the terms of the New General Mandate are fair and reasonable so far as the Company and the Independent Shareholders are concerned, and the granting of the New General Mandate 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 resolutions to be proposed at the SGM to approve the granting of the New General Mandate.

Yours faithfully,

**Independent Board Committee**

**AU-YEUNG Tsan Pong, Davie**

**FUNG Ka Choi**

**WONG Chu Fung**

*Independent non-executive Director    Independent non-executive Director    Independent non-executive Director*

\* *For identification purpose only*

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## LETTER FROM OPTIMA CAPITAL

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*The following is the text of a letter of advice from Optima Capital to the Independent Board Committee and the Independent Shareholders in respect of granting of the New General Mandate, which has been prepared for the purpose of inclusion in this Circular.*



Optima Capital Limited  
(Formerly known as VXL Financial Services Limited)  
Unit 3618, 36/F  
Bank of America Tower  
12 Harcourt Road  
Central, Hong Kong

31 August 2007

*To the Independent Board Committee and  
the Independent Shareholders of  
Wah Nam International Holdings Limited*

Dear Sirs,

### **PROPOSED REFRESHMENT OF GENERAL MANDATE**

#### **INTRODUCTION**

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the granting of the New General Mandate, details of which are set out in the letter from board (the “Letter from the Board”) contained in the circular of the Company to the shareholders dated 31 August 2007 (the “Circular”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

Upon completion of the top-up subscription of 118,900,000 new Shares (“Top-up Subscription”) as referred to in the announcement of the Company dated 15 May 2007 (“May Announcement”), the Existing General Mandate has been substantially utilized. As at the Latest Practicable Date, the Company may issue up to 67,530 new Shares under the Existing General Mandate after the Top-up Subscription. The Directors propose to seek approval of the Independent Shareholders to grant the New General Mandate by way of poll at the SGM.

Pursuant to Rule 13.36(4) of the Listing Rules, the refreshment of the Existing General Mandate requires the approval of the Independent Shareholders at the SGM at which the controlling Shareholder and its associates shall abstain from voting in favour of the respective resolutions approving the granting of the New General Mandate. As at the Latest Practicable Date, Mr. Cheng, being the controlling Shareholder and the chairman of the Company, through Leading Highway, was interested in 445,500,000 Shares, representing approximately 62.4% of the total issued share capital of the Company. Accordingly, Mr. Cheng, Leading Highway, and their respective associates are required to and shall abstain from voting in favour of the respective resolutions approving the granting of the New General Mandate at the SGM.

The Independent Board Committee, comprising Mr. Au-Yeung Tsan Pong, Davie, Mr. Fung Ka Choi, and Mr. Wong Chu Fung, all being independent non-executive Directors, has been formed to advise the Independent Shareholders as to whether the granting of the New General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. As the independent financial adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in this regard.

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## LETTER FROM OPTIMA CAPITAL

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In formulating our advice and recommendation, we have relied on the information, facts and representations contained or referred to in the Circular and provided to us by the Company, its Directors and management. We have assumed that all the statements of beliefs, opinions, assumptions and intentions made by the Directors in the Circular were made reasonably after due and careful enquiry and were based on honestly-held opinion and that all the information, facts, opinions and representations made to us or contained or referred to in the Circular were true, accurate and complete in all respects at the time they were made and continued to be true, accurate and complete in all respects as at the date of the SGM and may be relied upon. We have no reason to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Company, the Directors and its management and have been confirmed by the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular.

We have reviewed currently available information and documents, which are available under the present circumstances to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our recommendation. We have no reason to suspect that any relevant information or reports have been withheld, nor are we aware of any facts or circumstances which would render the information provided and the representations made to us to be untrue, inaccurate or misleading. We have not, however, carried out any form of independent investigation into the business, affairs, operations, financial position or future prospects of the Group.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion and recommendation in respect of the granting of the New General Mandate to the Independent Board Committee and the Independent Shareholders, we have considered the following principal factors and reasons:

#### **1. Background of and reasons for the refreshment of the Existing General Mandate**

The Group is principally engaged in management and operation of toll roads and bridges in the Peoples' Republic of China.

At the 2007 AGM, the Directors were granted to allot, issue and deal with up to a maximum of 118,967,530 Shares, being 20% of the total issued share capital of the Company as at the date thereof. Upon completion of the Top-up Subscription of 118,900,000 Shares as referred to in the May Announcement, the Company has substantially utilized the Existing General Mandate.

As at the Latest Practicable Date, there were a total of 713,737,652 Shares in issue. Assuming no other Shares will be issued or repurchased whatsoever between the Latest Practicable Date and the date of the SGM, the New General Mandate (if granted by the Independent Shareholders at the SGM) will empower the Directors to allot, issue or otherwise deal with up to a maximum of 142,747,530 new Shares, representing 20% of the total issued share capital of the Company as at the Latest Practicable Date.

We note from the announcement of the Company dated 29 June 2007 that the Group will explore other possible business acquisition opportunities with a view of enhancing returns to the Shareholders. The Company is considering the possibility of carrying out share placement to raise new capital from the market with a view to support the business development of the Group, including, among other things, the business of the Perryville Group after completion of the S&P Agreement and other possible acquisitions in the future. As stated in the Letter from the Board, in order to allow the Company to issue new Shares for the aforesaid purpose, the Board proposes to the Shareholders to increase the authorised share capital of the Company. Upon approval of the granting of the New General Mandate by the Shareholders at the SGM, the New General Mandate would empower the Directors to issue new Shares under the refreshed limit speedily as and when necessary, and without the need to seek further approval from the Shareholders which could provide the Company the flexibility and ability to capture any appropriate capital raising or investment or business opportunities when they arise.

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## LETTER FROM OPTIMA CAPITAL

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In view of the above, and taking into account the utilization rate of the Existing General Mandate, the Directors considered that if there is no refreshment of the Existing General Mandate before the next annual general meeting of the Company, which is expected to be held in or around April 2008, the Company may not be able to capture any arising opportunities during the period in a speedily manner. The Directors believe that the New General Mandate, if granted by the Independent Shareholders at the SGM, will maintain the financial flexibility of the Group by allowing the Company to raise funds from the issue of new Shares under the New General Mandate when any potential business or investment opportunities are identified, and is in the interests and for the benefits of the Company and the Shareholders as a whole.

### **2. Current financial resources**

According to the annual report of the Company for the year ended 31 December 2006, the Group had audited bank balances and cash of approximately HK\$9.7 million as at 31 December 2006. As referred to in the Letter from the Board, the Company has raised net proceeds of approximately HK\$40.3 million from the Top-up Subscription (the "Net Proceeds") which is intended to be used as general working capital of the Group. As referred to in the Letter from the Board, HK\$30 million of the Net Proceeds has been utilized by the Company to pay the deposit for the Acquisition as at the Latest Practicable Date. The remaining balance of the Net Proceeds will be utilized to finance partial payment for the remaining cash consideration of the Acquisition. As also stated in the Letter from the Board, on 29 June 2007, the Company published an announcement regarding the Acquisition, in which the Company stated that the consideration for the Acquisition would be financed by the Group's internal resources. The Company does not consider the change of use of the Net Proceeds constitutes price sensitive information of the Company. We understand from the Company that other possible financing arrangements may be required by the Company for full settlement of the cash consideration for the Acquisition if and when needed. Therefore, we are of the view that the ability to raise additional funds speedily by the issue of Shares under the New General Mandate would be in the interests of the Company and the Shareholders as a whole.

We have discussed with the Directors and were advised that the existing cash and facility resources of the Group are sufficient for it to conduct its daily operations. However, there is no certainty that such cash level will be adequate to finance for any potential investment opportunity that may be identified by the Company in the future. In addition, funding requirement for potential investment or business opportunities may raise at any time and such funding has to be required or made within a short period of time. Thus, the Directors believe that the New General Mandate will enable the Company to take advantage of the market condition to raise additional funds for the Company through the issue of new Shares when investment or business opportunities are identified and when the Directors think fit and appropriate.

We consider that it is prudent and reasonable for the Group to further strengthen capital base whilst additional funding may be needed for suitable business or investment opportunities as they may arise from time to time. We agree that the New General Mandate, if granted, would then provide the Group with the maximum flexibility allowed under the Listing Rules to take advantage of market conditions to raise additional capital, for funding such business or investment opportunities in the future when opportunities are identified and as the Directors think fit and appropriate.

### **3. Financial flexibility**

Given that equity financing is interest and security free by nature, the Directors consider that equity financing serves as a cost effective means of capital raising for the Group as general working capital and to fund potential business or investment opportunities that may be identified in the future. Given the fact that the Existing General Mandate has been substantially utilized upon completion of the Top-up Subscription, we are of the view that it is in the interests of the Company and the Shareholders as a whole to approve the granting the New General Mandate in order to strengthen the flexibility of raising additional equity capital so as to procure every potential business and/or investment opportunity. The New General Mandate will remain effective from the date of granting the New General Mandate at the SGM to the next annual general meeting of the Company, which is expected to be held in or around April 2008.

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## LETTER FROM OPTIMA CAPITAL

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#### 4. Other financing alternatives

Other than raising funds by way of issuing equity capital, the Directors indicate that the Company will consider other financing methods such as bank financing, debt financing and funding through internal resources, in order to meet its financing requirements arising from future development of the Group, depending on the then financial position, capital structure and cost of funding of the Group as well as the then market condition. As such, the New General Mandate will serve as one of the alternatives for the Company to finance the Group's investments or business acquisition opportunities and the Directors will use the method that serves the best interests of the Group.

We therefore consider that it is a sensible consideration to make reference to the then financial position, capital structure and cost and timing of funding of the Group as well as the then market condition in order to decide a suitable financing method for the future investment of the Group. Notwithstanding this, the Directors have confirmed that they would exercise due and careful consideration, including but not limited to, the cost and timing funds, when choosing the best method of financing for the Group.

#### 5. Fund raising activities of the Company

Save for the Top-up Subscription as disclosed in the May Announcement, the Company has not carried out any other equity fund raising activity for the 12 months preceding the Latest Practicable Date.

As stated in the Letter from the Board, the Company may issue up to 67,530 new Shares under the Existing General Mandate after the Top-up Subscription. The Company will continue to explore appropriate equity fund raising opportunities and /or investment opportunities which may or may not require the use of the New General Mandate. As at the Latest Practicable Date, the Company did not have any definite plan which may utilize any part of the New General Mandate.

In view of the Net Proceeds will be fully utilized for the settlement of partial consideration for the Acquisition and the Company is exploring appropriate equity fund raising or investment opportunities, we consider that the granting of the New General Mandate is in the interests of the Company and Shareholders as a whole.

#### 6. Potential dilution effect to the shareholding of the Shareholders

The table below sets out the shareholding structure of the Company prior to and upon full utilization of the New General Mandate.

	As at the Latest Practicable Date		Assuming no Conversion Shares will be issued and upon full utilization of the New General Mandate	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
<b>Shareholders</b>				
Cheng Yung Pun ( <i>Note</i> )	445,500,000	62.42%	445,500,000	52.01%
Public Shareholders	268,237,652	37.58%	268,237,652	31.32%
Share to be issued under the New General Mandate	0	0%	142,747,530	16.67%
	713,737,652	100.00%	856,485,182	100.00%

*Note: These shares are held through Leading Highway, a company incorporated in the British Virgin Islands with limited liability and the entire issued share capital of which is wholly owned by Mr. Cheng.*

Assuming that no other Shares will be issued or repurchased whatsoever between the Latest Practicable Date and the date of the SGM, upon full utilization of the New General Mandate, a total of 142,747,530 new Shares will be issued, representing approximately 16.67% of the total issued share capital of the Company as enlarged. Assuming no Conversion Shares will be issued and upon full utilization of the New General Mandate,

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## LETTER FROM OPTIMA CAPITAL

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the aggregate shareholdings of the public Shareholders will be diluted from approximately 37.58% to approximately 31.32%. Taking into account the benefits of the New General Mandate as discussed above, including inter alia, to provide the Company with the flexibility and the ability to capture any future investments or business opportunities when opportunities arise, and considering that the shareholdings of all Shareholders will be diluted proportionately, we consider such dilution or potential dilution effect to the shareholdings of the Shareholders to be acceptable.

Shareholders should note that the Existing General Mandate will be revoked (to the extent not exercised) upon approval of the granting of the New General Mandate at the SGM and the New General Mandate will be and continue to be in force until the earliest of i) the conclusion of the next annual general meeting of the Company; ii) the expiration of the period within which the next annual general meeting of the Company is required to be held by any applicable laws of Bermuda or the Bye-laws of the Company; and iii) its revocation or variation by ordinary resolutions of the Shareholders in general meeting.

### RECOMMENDATION

Having taken into account the principal factors and reasons as discussed above, we consider that the terms of the New General Mandate are fair and reasonable and the granting of the New General Mandate is in the interests of the Company and the Shareholders as a whole.

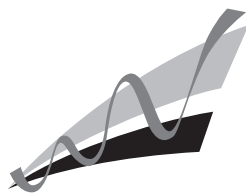
Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the respective resolutions in relation to the granting of the New General Mandate at the SGM.

Yours faithfully,  
For and on behalf of  
**Optima Capital Limited**  
*(Formerly known as VXL Financial Services Limited)*  
**Gary Mui**  
*Executive Director*  
*Head of Corporate Finance*

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## NOTICE OF SPECIAL GENERAL MEETING

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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)**

**NOTICE IS HEREBY GIVEN** that a special general meeting (the “SGM”) of Wah Nam International Holdings Limited (the “Company”) will be held at Room 902, 9th Floor, East Ocean Centre, 98 Granville Road, Tsimshatsui East, Kowloon, Hong Kong at 2:30 p.m. on 18 September 2007, Tuesday for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions:

### ORDINARY RESOLUTIONS

(1) **“THAT**

- (a) subject to paragraph (c) of this Resolution, pursuant to the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) , the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this Resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted, issued or otherwise dealt with or agreed conditionally or unconditionally to be allotted, issued or otherwise dealt with (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) of this Resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) an issue of shares of the Company upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into shares of the Company; or (iii) the exercise of any options granted under the share option scheme adopted and approved by the Company pursuant to the written resolutions of sole shareholder of the Company passed on 14 August 2002; or (iv) an issue of shares in lieu of the whole or part of the dividend on shares of the Company in accordance with the Bye-laws of the Company, shall not exceed 20 per cent of the aggregate nominal amount of the issued share capital of the Company on the date of passing this Resolution, and the said approval shall be limited accordingly; and
- (d) subject to the passing of each of the paragraphs (a), (b) and (c) of this Resolution, any prior approvals of the kind referred to in paragraphs (a), (b) and (c) of this Resolution which had been granted to the Directors and which are still in effect be and are hereby revoked (without prejudice to any valid exercise of such general mandate prior to the passing of this Resolution); and

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## NOTICE OF SPECIAL GENERAL MEETING

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- (e) for the purposes of this Resolution:

“Relevant Period” means the period from the date of the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company; or
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable law to be held; or
- (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

“Rights Issue” means an offer of shares or offer or issue of warrants or options to subscribe for shares open for a period fixed by the Directors to holders of shares whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory applicable to the Company).”

- (2) **“THAT** conditional upon Resolution number 1 above being passed, the unconditional general mandate granted to the Directors to allot, issue and deal with additional shares and to make or grant offers, agreements and options which might require the exercise of such powers pursuant to Resolution number 1 above be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to the mandate (the “Existing Repurchase Mandate”) granted to the Directors on 25 April 2007, provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company at the date of the passing of the resolution approving the Existing Repurchase Mandate.”
- (3) **“THAT** the authorised ordinary share capital of the Company be increased from HK\$80,000,000, divided into 800,000,000 shares of par value of HK\$0.10 each, to HK\$200,000,000, divided into 2,000,000,000 shares of par value of HK\$0.10 each, by the addition of HK\$120,000,000, divided into 1,200,000,000 new shares of par value of HK\$0.10 each.”

By order of the Board  
**Lai Mei Fong**  
*Company Secretary*

Hong Kong, 31 August 2007

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

Room 902, 9th Floor  
East Ocean Centre  
98 Granville Road  
Tsimshatsui East  
Kowloon, Hong Kong

*Notes:*

1. A member entitled to attend and vote at the above meeting (or at any adjournment thereof) is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. Where there are joint registered holders of any shares, any one of such persons may vote at the above meeting (or at any adjournment thereof), either personally or by proxy, in respect of such shares as if he were solely entitled thereto; but if more than one of such joint holders be present at the above meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.



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## NOTICE OF SPECIAL GENERAL MEETING

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3. In order to be valid, the forms of proxy, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority (such certification to be made by either a notary public or a solicitor qualified to practise in Hong Kong), must be deposited with the branch share registrar of the Company in Hong Kong, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time fixed for holding the above meeting or any adjournment thereof.
4. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.
5. The Chairman intends to demand poll voting for resolution number 3 set out in the notice of SGM.

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

*\* For identification purpose only*