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# 華南

## WAH NAM INTERNATIONAL HOLDINGS LIMITED

### 華南投資控股有限公司\*

*(incorporated in Bermuda with limited liability)*

**(Stock code: 159)**

## ANNOUNCEMENT

Reference is made to the announcements of Wah Nam International Holdings Limited (the “Company”) dated 10 and 11 November 2010 and the Company’s circular dated 26 November 2010 (the “Circular”) in relation to, among other things, the offer for subscription (the “Offer for Subscription”) of up to 10 million new ordinary shares (the “Offer Shares”) in the Company (with one free attaching option (“WN Option”) for each Offer Share subscribed for), with provision to accept oversubscriptions of up to a further 5 million Offer Shares (each with one free attaching WN Option), in Australia and the lodgement of the prospectus for the Offer for Subscription with the Australian Securities and Investments Commission (the “ASIC”). Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Circular.

Following the lodgement of the prospectus with the ASIC on 11 November 2010, the Company considered and determined that, certain supplemental information including, among other things, the Code on Takeovers and Mergers in Hong Kong, the provisions of the Listing Rules on connected transactions and some information disclosed in the Circular be included in the prospectus for the benefit of potential investors in the Company. This supplementary information has been included in a supplementary prospectus (“Supplementary Prospectus”).

The following is the text of the Supplementary Prospectus dated 6 December 2010 which was lodged with the ASIC on the date of this announcement. The Supplementary Prospectus supplements, and must be read together with, the prospectus dated, and lodged with the ASIC on 11 November 2010 (the “Original Prospectus”) and forms part of the Original Prospectus. The Supplementary Prospectus together with the Original Prospectus shall be collectively referred to as the “Prospectus” in this announcement. Before viewing the Prospectus, you must carefully read the terms set out below:

\* *For identification purpose only*

## **OFFER ONLY IN AUSTRALIA**

The offer contained in the Prospectus does not constitute a public offer in any jurisdiction other than Australia. This Prospectus does not constitute an offer to any person to whom, or an offer in any place in which, it would be unlawful to make such an offer. The distribution of the Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of the Prospectus should seek advice on, and observe, any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

## **WARNING**

The contents of the Prospectus have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Offer for Subscription. If you are in doubt about any of the contents of the Prospectus, you should obtain independent professional advice.

## **THIS INFORMATION DOES NOT CONSTITUTE AN OFFER OF SHARES**

The Prospectus is provided for informational purposes only and is subject to change without notice. Nothing contained in the Prospectus constitutes investment, legal, business, taxation or other advice, nor is it to be relied on in making an investment in the WN Shares. The information in the Prospectus does not take into account your investment objectives, financial situation or particular needs.

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

Hong Kong, 6 December 2010

*As at the date of this announcement, the board of directors of the Company comprises Mr. Luk Kin Peter Joseph and Mr. Chan Kam Kwan, Jason as executive directors and Mr. Lau Kwok Kuen, Eddie, Mr. Uwe Henke Von Parpart and Mr. Yip Kwok Cheung, Danny as independent non-executive directors.*

# First Supplementary Prospectus

## Wah Nam International Holdings Limited ARBN 143 211 867

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### 1. Introduction

This document is the first supplementary prospectus dated 6 December 2010 and was lodged with the Australian Securities and Investments Commission (ASIC) on that date (**First Supplementary Prospectus**).

This First Supplementary Prospectus supplements, and must be read together with, the prospectus issued by Wah Nam International Holdings Limited ARBN 143 211 867 and lodged with ASIC on 11 November 2010 (**Prospectus**). The Prospectus is for the issue of up to 10 million Shares and 1 free attaching Option for every Share subscribed for at an issue price of A\$0.20 each to raise a total of up to A\$2 million, with provision to accept oversubscriptions of up to a further 5 million Shares, each with 1 free attaching Option, at A\$0.20 each to raise up to an additional A\$1 million.

No previous supplementary document has been lodged with ASIC in respect of the Offer under the Prospectus. Neither ASIC nor the ASX takes any responsibility for the contents of this Supplementary Prospectus.

Terms and phrases defined in the Prospectus have the same meaning for the purposes of this First Supplementary Prospectus.

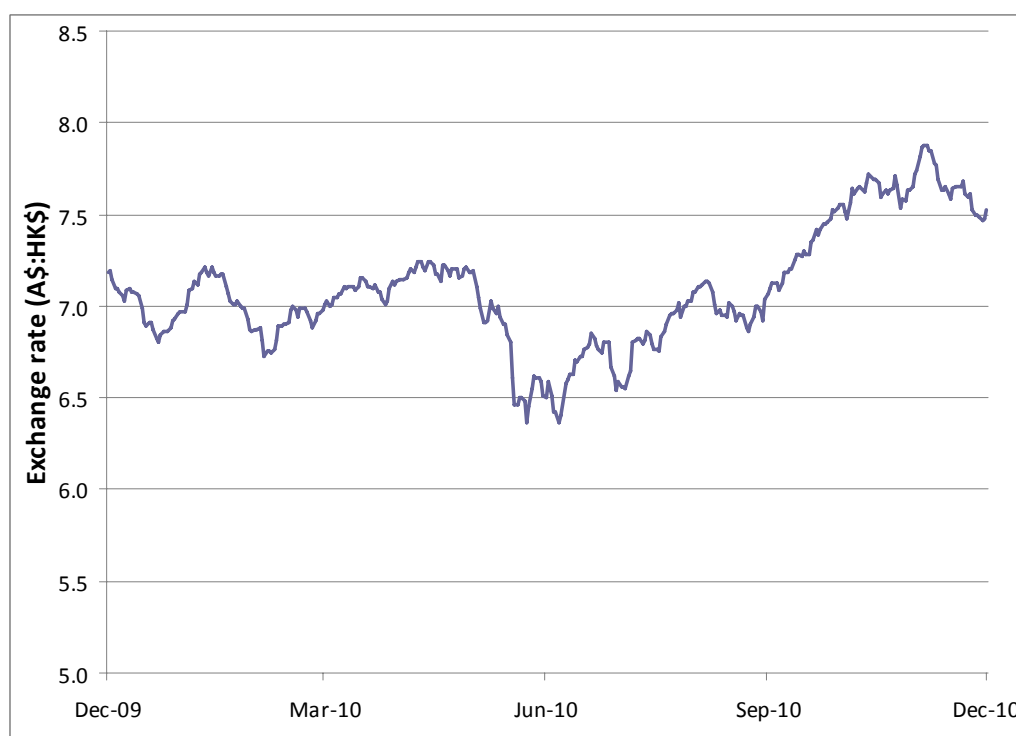
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### 2. Changes to the Original Prospectus

#### 2.1 Section 6.3: Risks Related to the Offer

Insert the following after the last paragraph:

*The movements in the exchange rate between the Australian and Hong Kong currencies over the past 12 months are shown in the graph below.*



## 2.2 Section 6.4: Risks relating to the Takeover Offers and the Combined Group

- (a) Insert a new paragraph (d) after paragraph (c) which reads:

***'(d) New business segment for the Company***

*The Company's existing mining business is located in the PRC. The iron ore mining business in Australia represents a new business segment for the Company. The new business, coupled with a different regulatory and operating environment, may pose significant challenges to the Company's administrative, financial and operational resources. The corporate and staff culture of Brockman Resources and/or FerrAus may be significantly different from that of the Company. Additionally, the Company does not have significant experience in this new segment, and the management may not have all necessary knowledge to manage this new business segment.'*

- (b) Renumber the subsequent paragraphs after the insertion of new paragraph (d).

- (c) In what is now paragraph (e):

- (i) In the second and third lines delete the words *'There is no assurance that the Company's Shareholders will approve the Placement Mandate or'* and replace with the words *'The Company has not previously raised the amount that will be required for the development of the Projects.'*
- (ii) In the third line replace the lowercase 't' in *'the Combined Group'* with a capital letter and delete the words *'will be able to obtain additional debt or equity funding'* and replace with the words *'may not be able to raise the amount'* after the words *'Combined Group'*.
- (iii) In the fourth line delete the words *'in the future,'* after *'when required'* and delete the word *'that'* after the word *'or'*.
- (iv) In the fourth line delete the word *'will'* and replace with the words *'may not'* after the words *'such funding'* and insert a new sentence which reads *'Further, there is no assurance that Shareholders will approve the Placement Mandate.'* after the sentence which ends with the words *'to the Combined Group.'*

- (d) In what is now paragraph (g) insert a new paragraph after the last paragraph which reads:

*'Australian dollars is the functional currency of Brockman Resources and FerrAus, whilst the reporting currency of the Company is HK\$. Any material fluctuations of the exchange rate of A\$ against HK\$ may affect the consolidated results and financial position of the Combined Group after the close of the Takeover Offers.'*

- (e) In what is now paragraph (i):

- (i) Delete the first sentence.
- (ii) In the now first sentence delete the words *'within the Wah Nam International Group,'* after the words *'personnel from'*.
- (iii) After the now first sentence insert an additional sentence which reads *'Considering the limited Australian mining experience of the Company's Board and management, the Company will be heavily reliant on Brockman Resources' and FerrAus' technical and management team.'*

(iv) In the now third sentence delete the word 'This' and replace with the words '*The inability to retain these key technical and managerial personnel*' at the start of the sentence and insert the words '*and especially the Company's ability to rapidly develop the Projects as is its current intention*' at the end of the sentence after the words '*the Combined Group*'.

(v) Insert a new paragraph after the only paragraph which reads:

*'To address this risk, Wah Nam Australia recently appointed Mr Warren Beckwith who has in-depth knowledge of the Australian mining industry. Further, the Company has identified two potential senior mining executives with strong Australian mining qualifications and experience with a view to recruiting them and strengthening the Company's management.'*

(f) In what is now paragraph (o) insert an additional paragraph after the only paragraph which reads:

*'Any unpredictable severe weather conditions may require the Company or the Combined Group to evacuate personnel or curtail activities due to natural disasters and may result in damage to its resources locations, which could result in temporary suspension of its operations. During periods of curtailed activity due to natural disasters or adverse weather conditions, the Company or the Combined Group may continue to incur operating expenses. Any damage to its resource locations could materially and adversely affect the Company's or the Combined Group's business and operating results.'*

(g) Insert a new paragraph (p) which reads:

**'(p) Future acquisitions**

*Following the Takeover Offers, the Directors intend to seek additional strategic acquisitions in order to realise their plan of being a developer of strategic mining assets in politically stable, mineral resource-rich countries. Any successful acquisition that is significant in size, may change the scale of the Company's business, and may expose the Company or the Combined Group to new geographic, political, operating, financial and geological risks. Further, acquisitions may also dilute ownership of accepting Brockman Resources shareholders and FerrAus shareholders.'*

(h) Insert a new paragraph (q) which reads:

**'(q) The Projects may not be completed as planned**

*The business of the Combined Group will depend largely on the Marillana Project and/or the FerrAus Pilbara Project. The viability of a mineral deposit depends on a number of factors, including: the particular attributes of the deposit (such as size, grade and proximity to infrastructure), commodity prices (which are highly cyclical) and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of mineral resources and environmental protection.*

*The Projects may not be developed as planned. If the Combined Group is unable to develop the Projects into a commercial working mine, the business, financial condition and results of operations may be materially and adversely affected.*

*The Projects are subject to technical risk in that they may not perform as projected. Increased development costs, lower output or higher operating costs may all combine to make the Project less profitable than expected at the time of the development decision, which would have a negative impact on the Combined Group's business and results of operations. No assurance can be given that the Combined Group will be adequately compensated by third party project design and construction companies (if not performed by the Combined Group directly) in the event that the Projects did not meet their expected design specification.*

*As with all exploration projects, there is a risk that the Projects cannot be converted to commercially viable mines, in part because actual costs from capital projects may exceed the original budgets. As a result of delays, cost overruns, changes in market circumstances or other reasons, the Combined Group may not be able to achieve the intended economic benefits or demonstrate the commercial feasibility of the Projects, which in turn may materially and adversely affect the Combined Group's business, results of operations and growth prospects.'*

- (i) Insert in a new paragraph (r) which reads:

**'(r) Mining operations have a finite life**

*The key risks for mine closure include the long-term management of permanent engineered structures and acid rock drainage, the achievement of environmental closure standards, the orderly retrenchment of employees and contractors and the relinquishment of the site with associated permanent structures and community development infrastructure and programs to new owners. The successful completion of these tasks is dependent on the ability to successfully implement negotiated agreements with the relevant government, community and employees. The consequences of a difficult closure range from increased closure costs and handover delays to ongoing environmental impacts and corporate reputation damage if desired outcomes cannot be achieved, which could materially and adversely affect the Company's or the Combined Group's business and results of operations.'*

- (j) Insert a new paragraph (s) which reads:

**'(s) Risks regarding native title in Australia**

*Australia recognises a form of native title which reflects the rights, interests and entitlements of indigenous inhabitants to their traditional lands in circumstances where such title has not been extinguished. In respect of a land where native title has been registered, the applicant for an exploration or mining tenement over such piece of land has to negotiate with the party holding the native title with a view to reaching an agreement in respect of the granting of the tenement. If no agreement is reached within 6 months, any of the parties may apply to the National Native Title Tribunal for a determination as to whether the grant should be made, with or without conditions.*

*There is no assurance that the Combined Group will be able to reach agreement with parties holding native titles (if any further agreements are required) in respect of the Projects and the terms of these agreements may not be favourable to the Combined Group. In those circumstances, the prospects of the Combined Group may be adversely affected.'*

(k) Insert a new paragraph (t) which reads:

**'(t) Liquidity of Shares on the ASX and the HKEx**

*The Company's Shares are comparatively thinly traded.*

*If the Takeover Offers are successful and the Offer is oversubscribed, the Company will be required to issue up to 4,545,121,320 Shares which will result in the Company having 8,452,556,805 Shares on issue. A possible consequence will be that the Company's liquidity on the HKEx will increase.*

*Nevertheless, Share liquidity will be subject to many factors including:*

- *general equity market sentiment and in particular, Hong Kong and Australia;*
- *the outlook for the iron ore sector globally and, in particular, Australia;*
- *the ability of the Company to progress the Projects and the required infrastructure facilities; and*
- *the shareholder structure of the Company, from time to time.*

*If the Takeover Offers result in the Company not owning effective control of either Brockman Resources, or FerrAus, or both, it is envisaged that Share liquidity on both the HKEx and the ASX will remain low.*

*Some shareholders of Brockman Resources and FerrAus who accept the Offer may:*

- *choose to accept Shares registered on the Hong Kong Share Register; or*
- *not wish to continue to hold Shares which they receive and may sell them on the ASX or the HKEx.*

*If a significant number of existing shareholders of Brockman Resources and FerrAus who wish to hold their Shares on the HKEx register or sell the Shares they acquire under the Takeover Offers, the price at which Shares are traded on the ASX may be adversely affected.'*

## **2.3 New Section 6.5: Risks specific to the Damajianshan Mine**

(a) Insert a new Section 6.5 after Section 6.4 which reads:

**'6.5 Risks specific to the Damajianshan Mine**

**(a) Current mining permit may provide lower Mineral Resources than current estimates**

*Under the PRC laws, a mining permit has both horizontal limits and elevation limits. Luchun Xingtai holds a permit for a mining right of 3.6656 square kilometres with the elevation range for the mining permit from 680 metres to the current topographic surface.*

*As noted in the Independent Technical Report, a significant part of the currently defined mineral resources in the Damajianshan Mine is below the lower limit of the current mining permit. Luchun Xingtai has submitted applications to the relevant*

authorities in the PRC to adjust the lower limit of the mining permit to an elevation of 0 metres. It is yet to receive final approval on its applications.

Luchun Xingtai has obtained initial approval from the departments of land and resources at both Luchun County level and Honghe Prefecture level for the change of exploitation elevation from 680 metres to 350 metres. The change of exploitation elevation is subject to the final approval from Yunnan Provincial Department of Land and Resources.

Until the final approvals are obtained, the usable Mineral Resources of Damajianshan Mine may be lower than what is defined in the Mineral Resource Statement set out in Section 6.3 of the Independent Technical Report. All currently defined Mineral Resources and Ore Reserves are within the horizontal boundary of the mining permit.

(b) **Environmental risks in relation to tailings storage facility**

Luchun Xingtai's operations involve the management of lead and arsenic which are environmentally hazardous. Lead is difficult to separate from copper concentrate and is therefore inherent in Luchun Xingtai's copper concentrate. Arsenic waste or tailings need to be carefully managed.

Luchun Xingtai needs to manage its tailings storage facility carefully to avoid any hazardous waste leakage. The current tailings storage facility is not at the location initially allocated by Luchun Xingtai when the Independent Technical Report was issued, as that initial location did not have sufficient tailings storage capacity for Luchun Xingtai's operation.

Luchun Xingtai has obtained all the necessary permits required, including but not limited to Temporary Permit for Discharge of Pollutants, the Permit for Occupation of Water and Soil Resources, the Processing Permit for Mineral Products and the Operating Permit for Mineral Products for its mine, processing plant and temporary tailing storage facility adjacent to the processing plant.

(c) **Focus on further exploration while maintaining low production level**

The Company has adopted a strategy to conduct further exploration at the Damajianshan Mine. There is a risk, as is the case with all exploration, that the exploration may not be productive. As a result of the focus on exploration, Luchun Xingtai's production has been low compared to its capacity.

As a result of this emphasis on exploration, Luchun Xingtai may not be able to take advantage of the current favourable copper concentrate prices in the PRC. Alternatively, a promising result from the exploration may increase the value of Luchun Xingtai.'

(b) Renumber Section 6.5 as Section 6.7.

## **2.4 New Section 6.6: Risks specific to the limousine rental and airport shuttle bus services**

Insert a new Section 6.6 after Section 6.5 which reads:

**'6.6 Risks specific to the limousine rental and airport shuttle bus services**

The business of limousine rental and airport shuttle bus services is directly correlated with the tourism and travel industries in Hong Kong and the PRC which in turn is directly influenced



by economic conditions in the Hong Kong and PRC region in particular, and globally in general.

*Any deterioration in economic conditions in the region will impact the revenue generation and profitability of the business. As an example, during the 2008 global financial crisis, the business experienced a decline in the number of passengers due to the slowdown in the tourism and travel industries in Hong Kong and PRC.'*

## 2.5 **Now Section 6.7: General Risk factors**

- (a) In the first bullet point delete the words '*(and, in particular, the mineral resources rent tax which the Australian government announced on 2 July 2010 and the introduction of a price on carbon)*'.
- (b) In the second line of the second bullet point insert the words '*the Company and the*' after '*the words the operations of*'.
- (c) In the second line of the third bullet point delete the word '*and*'.
- (d) In the first line of the fourth bullet point delete '*'*' and replace with '*; and*'.
- (e) Insert a new fifth bullet point which reads:

*'the introduction of the Minerals Resource Rent Tax (MRRT). The Australian Commonwealth Government announced on 2 July 2010 that it intends to introduce a MRRT which would be applicable from 1 July 2012, payable at the rate of 30% on profits made from the exploitation of a limited number of Australia's non-renewable resources. As currently proposed, the MRRT would extend to iron ore and coal mining activities. Whilst this is the current proposal, further details concerning the MRRT remain uncertain and the tax may be expanded to include profits from additional resources and the rate increased, although the Company is not aware of any proposed amendments to the current proposal at this time.*

*The Australian Commonwealth Government has formed a Policy Transition Group to analyse and review the technical issues surrounding the MRRT. The Policy Transition Group has been consulting directly with industry members with a view to finalising the MRRT, The full extent to which the MRRT may impact on the Company and/or its operations is therefore yet to be determined.'*

## 2.6 **11.4: Summary of Rights and Liabilities attaching to Shares**

In paragraph (g):

- (a) Insert a new paragraph before the first paragraph which reads '*The Company's general meeting and notice requirements are governed by its Bye-laws and the Companies Act.*'
- (b) Insert the words '*in accordance with its Bye-laws and the Companies Act*' after the words '*21 days' notice*' at the end of the second sentence in the now second paragraph.
- (c) At the start of the now third paragraph insert the words '*In accordance with the Company's Bye-laws and the Companies Act,*' and replace the capital '*S*' in '*Special*' with a lowercase letter.

## 2.7 New Section 11.9: Takeovers Code

Insert a new Section 11.9 after Section 11.8 which reads:

### **11.9 Takeovers Code**

*The Company is not subject to Chapters 6, 6A, 6B and 6C of the Corporations Act dealing with the acquisition of shares (ie substantial holdings and takeovers) but rather the Hong Kong Code on Takeovers and Mergers (the **Takeovers Code**) and, if the Offer is successful, the ASX Listing Rules.*

*The Takeovers Code is regulated by the Securities and Futures Commission in Hong Kong pursuant to its functions under the Securities and Futures Commission Ordinance (**SFC Ordinance**). The Takeovers Code applies to takeovers and mergers affecting public companies in Hong Kong. Its purpose is to provide guidelines for companies and their advisers contemplating, or becoming involved in, takeovers and mergers affecting public companies in Hong Kong.*

*The aim of the Takeovers Code is to ensure fair treatment to every shareholder affected by merger or takeover transactions subject to the Takeovers Code. The Takeovers Code is non-statutory and comprises rules administered by the Executive Director of the Corporate Finance Division of the SFC (the **Executive**). The Takeovers Code is principle-based. The general principles and the spirit of the Takeovers Code will apply in areas or circumstances not explicitly covered by any rule in the Takeovers Code.*

#### **(a) The general principles of the Takeovers Code**

*The general principles of the Takeovers Code include:*

- *All shareholders are to be treated even-handedly and all shareholders of the same class are to be treated similarly.*
- *If control of a company changes or is acquired or is consolidated, a general offer to all other shareholders is normally required. Where an acquisition is contemplated as a result of which a person may incur such an obligation, they must, before making the acquisition, ensure that they can and will continue to be able to implement such an offer.*
- *During the course of an offer, or when an offer is in contemplation, neither an offeror, nor the offeree company, nor any of their respective advisers may furnish information to some shareholders which is not made available to all shareholders. This principle does not apply to the furnishing of information in confidence by the offeree company to a bona fide potential offeror or vice versa.*
- *An offeror should announce an offer only after careful and responsible consideration. The same applies to making acquisitions which may lead to an obligation to make a general offer. In either case the offeror and its financial advisers should be satisfied that it can and will continue to be able to implement the offer in full.*
- *Shareholders should be given sufficient information, advice and time to reach an informed decision on an offer. No relevant information should be withheld. All documents must, as in the case with a prospectus, be prepared with the highest possible degree of care, responsibility and accuracy.*
- *All persons concerned with offers should make full and prompt disclosure of all relevant information and take every precaution to avoid the creation or continuance*

*of a false market. Parties involved in offers must take care that statements are not made which may mislead shareholders or the market.*

- *Rights of control should be exercised in good faith and the oppression of minority or non-controlling shareholders is always unacceptable.*
- *Directors of an offeror and the offeree company must always, in advising their shareholders, act only in their capacity as directors and not have regard to their personal or family shareholdings or to their personal relationships with the companies. They should only consider the shareholder interests taken as a whole when they are giving advice to shareholders. Directors of the offeree company should give careful consideration before they enter into any commitment with an offeror (or anyone else) which would restrict their freedom to advise their shareholders. Such commitments may give rise to conflicts of interest or result in a breach of the directors' fiduciary duties.*
- *At no time after a bona fide offer has been communicated to the board of the offeree company, or after the board of the offeree company has reason to believe that a bona fide offer might be imminent, may the board of the offeree company take any action in relation to the affairs of the company without the approval of shareholders in general meeting, which could effectively result in any bona fide offer being frustrated or in the shareholders being denied an opportunity to decide on its merits.*
- *All parties concerned with transactions subject to the Hong Kong Takeovers Code are required to co-operate to the fullest extent with the Executive, the Hong Kong Takeovers Panel and the Hong Kong Takeovers Appeal Committee, and to provide all relevant information.*

*In the case of an offer, the Takeovers Code applies not only to the offeror and the offeree company, but also to those persons "acting in concert" with the offeror or the offeree. Under the Takeovers Code, "persons acting in concert" are persons who "pursuant to an agreement or understanding, actively cooperate to obtain or consolidate control of a company through the acquisition by any of them of voting rights of the company". The Takeovers Code also describes classes of persons who are presumed to be acting in concert with others in the same class, e.g. among others, directors of a company, holding company, fellow subsidiaries and associates, financial advisers, financiers of the takeover bids.*

**(b) Mandatory general offer obligations**

*The Takeovers Code requires the making of a mandatory general offer to acquire all shares and other securities of the offeree company carrying rights to subscribe for, convert or exchange into shares of the offeree company, unless a waiver has been granted by the Executive, if a person or a group of persons acting in concert:*

- *acquires any voting rights in a Hong Kong public company which will lead to the voting rights held by the acquirer and its concert parties in the offeree company reaching 30% or more, or*
- *who's holding is between 30% and 50% of the voting rights of a Hong Kong public company, acquires more than 2% of the voting rights in the offeree company from the lowest percentage voting rights in the offeree company held by them in the 12-month period from the date of the relevant acquisition.*

*A mandatory offer must be in cash or accompanied by a cash alternative at not less than the highest price paid by the purchaser (or persons acting in concert with it) for shares of that class during the offer period and within 6 months prior to its commencement.*

(c) **Voluntary offers**

*An offer which is not a mandatory offer is a voluntary offer. It is a method by which a takeover offer can be launched subject to a number of conditions.*

*The consideration under a voluntary offer does not need to be in the form of cash or of a minimum value unless:*

- *where the shares of any class under offer have been purchased for cash by the offeror and any person acting in concert with it during the offer period and within 6 months prior to the commencement of the offer; and*
- *such shares carry 10% or more of the voting rights of that class, then the offer for shares in the offeree company must be in cash or be accompanied by a cash alternative except with the consent of the Executive.*

*The consideration must not be less than the highest price (excluding stamp duty and commission) paid by the offeror or any persons acting in concert with it for shares of the same class during the offer period and within 6 months prior to the commencement of the offer.*

*It is also provided that prior to an announcement of a firm intention to make an offer, if the offeror or person acting in concert with it has purchased shares in the offeree company within the 3 month period prior to commencement of the offer or during the period between the commencement of the offer must not be on less favourable terms.*

*The Takeovers Code states that an offer must not normally be made subject to conditions which depend on subjective judgements or which are solely at the discretion of the offeror.'*

## **2.8 New Section 11.10: Connected Transactions**

Insert a new Section 11.10 after new Section 11.9 which reads:

### **11.10 Connected Transactions**

*The Company is not subject to Chapter 2E of the Corporations Act dealing with related party transactions but rather the HKEx Listing Rules and, if the Offer is successful, the ASX Listing Rules.*

*Chapter 10 of the ASX Listing Rules deals with transactions with persons in a position of influence. The transactions covered by this Chapter of the ASX Listing Rules include acquiring and disposing of substantial assets by the Company and acquiring securities in the Company. The Chapter also deals with participation by directors (and persons associated ) in employee incentive schemes and in underwriting dividend or distribution plans, payments to directors and termination benefits. The definition of a person of influence includes a Related Party.*

*The Company, being listed on the HKEx is also subject to the HKEx Listing Rules regarding "connected transactions". The aim of the HKEx Listing Rules is to provide certain safeguards against the connected persons taking advantage of their positions.*

*Connected transactions of a HKEx listed company are governed by the connected transaction rules set out in Chapter 14A of HKEx Listing Rules.*

*The connected transactions rules are intended to ensure that the interests of shareholders as a whole are taken into account by a listed company when the listed company enters into connected transactions. Connected transactions mainly comprise transactions involving the listed company or any of its subsidiaries and connected persons of the listed company or its subsidiaries, including the listed company's and its subsidiaries' directors, chief executives and substantial shareholders (and their respective associates).*

*Connected transactions under the HKEx Listing Rules include, among other things:*

- *the acquisition or disposal of assets, including deemed disposals;*
- *any transaction involving a listed company writing, accepting, transferring, exercising or terminating an option to acquire or dispose of assets or to subscribe for securities;*
- *entering into or terminating finance leases;*
- *entering into or terminating operating leases or sub-leases;*
- *granting an indemnity or a guarantee or providing financial assistance (such as borrowings, lending and advance);*
- *entering into any arrangement or agreement involving the formation of a joint venture entity in any form;*
- *issuing of new securities;*
- *the provision of or receipt of services;*
- *sharing of services; and*
- *providing or acquiring raw materials, intermediate products and finished goods,*

*regardless of whether or not the transaction is of a revenue nature in the ordinary and usual course of business.*

*The HKEx Listing Rules require a company to enter into a written agreement regarding every connected transaction.*

*All connected transactions (or a series of connected transactions in aggregate) shall be subject to the requirements of the listed company informing the HKEx, issuing an announcement, obtaining approval of independent shareholders (where any shareholder with a material interest in the transaction will not be permitted to vote at the meeting on the resolution approving the transaction) at general meeting (unless there is a waiver granted by the HKEx) and reporting the transaction in the company's annual reports unless there are specific exemptions under the HKEx Listing Rules.*

*The HKEx Listing Rules provide that the following transactions are exempt from the reporting, announcement and independent shareholder approval requirements.*

- *Intra-group transactions between a listed company and a non-wholly owned subsidiary or between its non-wholly-owned subsidiaries where no connected persons of the listed company are entitled to exercise, or control, the exercise of 10% or more of the voting power at any general meeting of any of the subsidiaries connected and none of the subsidiaries is itself a connected person.*
- *A de minimis transaction (as determined by some prescribed tests in the HKEx Listing Rules) on normal commercial terms.*
- *An issue of new securities where a connected person receives a pro rata entitlement to the securities in its capacity as shareholder, or pursuant to the exercise of an option granted to a connected person pursuant to the listed company's share option scheme in compliance with the HKEx Listing Rules, or where a connected person is acting as underwriter or sub-underwriter of an issue of securities by the listed company in respect of the listed company's rights issue or open offer in compliance*

*with the HKEx Listing Rules, or a top-up subscription in connection with a share placement of the listed company in compliance with the HKEx Listing Rules.*

- *Dealing of securities on a recognised stock exchange by a listed company.*
- *Any purchase by a listed company of its own securities from a connected person on the HKEx or a recognised stock exchange or under a general offer made in accordance with the Code on Share Repurchases in Hong Kong.*
- *A director's service contract.*
- *An acquisition or consumer or realisation in the ordinary and usual course of business of consumer goods or consumer services by a listed company from or to a connected person of the listed company on normal commercial terms in compliance with the HKEx Listing Rules.*
- *Sharing of administrative service between a listed company and a connected person on a cost basis in compliance with the HKEx Listing Rules.*
- *A connected transaction on normal commercial terms with a connected person of a subsidiary of a listed company where such person is a connected person of the listed company solely because of their relationship with such subsidiary and that the size of such subsidiary is relatively small as compared with the whole listed company's group, subject to certain tests stipulated in the HKEx Listing Rules, and that if such subsidiary is itself a party to the transaction, the transaction value is less than the prescribed threshold in the HKEx Listing Rules.*
- *A transaction with associates of a passive investor of the listed company of a revenue nature in the ordinary and usual course of the listed company's business and on normal commercial terms in compliance with HKEx Listing Rules.*
- *A financial assistance provided by a listed company for the benefit of a connected person in which the listed company is a shareholder provided that the assistance being provided is in proportion to the listed company's equity interest in the connected person.*
- *A financial assistance provided by a connected person for the benefit of a listed company on normal commercial terms (or better to the listed company) where no securities over any assets of the listed company is granted in respect of the financial assistance.*

*The HKEx Listing Rules further provide that some connected transactions on normal commercial terms where the transaction size is relatively small subject to the tests prescribed under the HKEx Listing Rules may be exempt from the independent shareholder approval requirements but are subject to the requirements of issuing an announcement and reporting the transaction in the listed company's annual report.*

*If a listed company is required to seek approval from its independent shareholders regarding a connected transaction, it will need to send a circular to all of its shareholders setting out details of the transaction and advice of an independent board committee and independent financial adviser to the independent shareholders, regarding the related connected transaction.'*

Renumber the subsequent Sections after the insertion of new Sections 11.9 and 11.10.

## **2.9 Application Form**

Remove the Application Forms enclosed and replace with the following Application Forms.

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**3. Date**

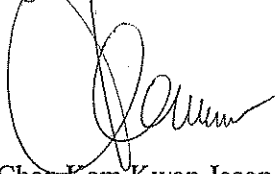
This First Supplementary Prospectus is dated 6 December 2010.

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**4. Approval of First Supplementary Prospectus**

This First Supplementary Prospectus has been approved by a resolution passed by the directors of Wah Nam International Holdings Limited.

Signed on behalf of Wah Nam International Holdings Limited



Chan Kam Kwan Jason

Director

Wah Nam International Holdings Limited