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## **11. Investigating Accountant's Report**



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Our ref: SA:

2 December 2010

The Directors  
Wah Nam International Holdings Limited  
Room 2805, 28/F, West Tower  
Shun Tak Centre  
168-200 Connaught Road Central  
Sheung Wan  
Hong Kong

Dear Sirs

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## INVESTIGATING ACCOUNTANT'S REPORT

### 1. Introduction

We have prepared this Investigating Accountant's Report ("**Report**") on historical financial information of Wah Nam International Holdings Limited ("**Wah Nam International**" or "**the Company**") for inclusion in the Bidders Statement issued by Wah Nam International Australia Pty Ltd ("**Wah Nam Australia**"), a wholly owned subsidiary of Wah Nam International. Wah Nam International are also issuing a Prospectus. Broadly, the Prospectus will offer up to 10 million shares at an issue price of \$0.20 each plus one free attaching option for every one share issued ("**the Offer**").

Under the proposed issue \$2 million will be raised before costs. There is provision for the over subscription of a further 5 million ordinary shares to raise a further \$1 million before costs.



### Basis of Preparation

This Report has been prepared to provide investors with information on the pro-forma Balance Sheets as noted in Section 6.12 of the Bidders Statement.

This Report does not address the rights attaching to the shares to be issued in accordance with the Prospectus, nor the risks associated with the investment, and has been prepared based on the oversubscription of the Offer being achieved. BDO Corporate Finance (WA) Pty Ltd ("BDO") has not been requested to consider the prospects for the Company, the shares on offer and related pricing issues, nor the merits and risks associated with becoming a shareholder and accordingly has not done so, and does not purport to do so. BDO accordingly takes no responsibility for these matters or for any matter or omission in the Prospectus, other than responsibility for this Report. Risk factors are set out in the Prospectus.

Expressions defined in the Prospectus have the same meaning in this Report.

## 2. Background

Wah Nam is an investment holding company incorporated in Bermuda which has been listed on the Hong Kong Stock Exchange since 2002. Wah Nam is involved in a number of activities including

- The exploitation, processing and sales of mineral resources in the People's Republic of China ("PRC");
- The provision of limousine rental and airport shuttle bus transportation services in Hong Kong and the PRC; and
- Investments in equity securities.

## 3. Scope

You have requested BDO to prepare an Investigating Accountant's Report covering the following financial information:

- the consolidated statement of comprehensive income;
- the proforma balance sheets as at 30 June 2010 reflecting the actual position as at that date, major transactions between that date and the date of our report and the proposed capital raising under the Prospectus;
- the accounting policies applied by Wah Nam in preparing its financial statements.



The historical financial information set out in section 3.5 has been extracted from the financial statements of the Company for the period ended 30 June 2010.

The Directors are responsible for the preparation of the historical financial information including determination of the adjustments.

We have conducted our review of the historical financial information in accordance with the Australian Auditing and Assurance Standard ASRE 2405 "Review of Historical Financial Information Other than a Financial Report". We made such inquiries and performed such procedures as we, in our professional judgment, considered reasonable in the circumstances including:

- a review of work papers, accounting records and other documents pertaining to balances in existence at 30 June 2010;
- a review of the assumptions used to compile the pro-forma Balance Sheet;
- a review of the adjustments made to the pro-forma historical financial information;
- a comparison of consistency in application of the recognition and measurement principles in Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by the Company disclosed in the appendices to this Report; and
- enquiry of Directors and others.

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These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Our review was limited primarily to an examination of the historical financial information and audit files, the pro-forma financial information, analytical review procedures and discussions with both management and directors. A review of this nature provides less assurance than an audit and, accordingly, this Report does not express an audit opinion on the historical information or pro-forma financial information included in this Report or elsewhere in the Prospectus.

In relation to the information presented in this Report:-

- support by another person, corporation or an unrelated entity has not been assumed;
- the amounts shown in respect of assets do not purport to be the amounts that would have been realised if the assets were sold at the date of this Report; and



- the going concern basis of accounting has been adopted.

## 4. Conclusion

### Statement on Historical Financial Information

Based on our review, which was not an audit, nothing has come to our attention which would cause us to believe the historical financial information as set out in sections 3.5 and 6.12 of the Bidders Statement does not present fairly the financial position as at 30 June 2010 in accordance with the measurement and recognition requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia. There are no material differences between the Australian Accounting Standards and the Hong Kong Accounting Standards, differences relating to the application of accounting policies have been disclosed in the bidders statement.

### Statement of Pro-forma Financial Information

Based on our review, which was not an audit, nothing has come to our attention which would cause us to believe the pro-forma financial information does not present fairly the financial position of the Company as at 30 June 2010, in accordance with the measurement and recognition requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia as if the pro-forma transactions had occurred on that date.

## 5. Subsequent Events

Apart from the matters dealt with in this Report, and having regard to the scope of our Report, to the best of our knowledge and belief, no other material transactions or events outside of the ordinary business of the Company have come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive other than those detailed below which have been reviewed:

- Subsequent to 30 June 2010, the Company acquired 4,513,900 Brockman Resources Shares for approximately \$17.25 million.
- Subsequent to 30 June 2010, the Company acquired 10,732,825 FerrAus Shares for



approximately \$8.81 million.

- on 17 September 2010, the Company raised approximately HK\$204.7 million by the issue of 178 million Shares.
- a fair value gain of approximately HK\$515 million on financial instruments classified as available for sale being Wah Nam International's shareholding in Brockman Resources and FerrAus

## 6. Assumptions Adopted in Compiling the Pro-forma Balance Sheet

The pro-forma balance sheets post issue under various scenarios set out in section 6.12 are shown in section 6.13. This has been prepared based on the reviewed financial statements as at 30 June 2010 and the transactions, events relating to the issue of shares under the Prospectus, assuming oversubscription is achieved, as well as the bids for Brockman Resources Limited and FerrAus Limited.

## 7. Disclosures

BDO Corporate Finance (WA) Pty Ltd is the corporate advisory arm of BDO in Perth.

Neither BDO Corporate Finance (WA) Pty Ltd nor BDO Kendalls, nor any director or executive or employee thereof, has any financial interest in the outcome of the proposed transaction except for the normal professional fee due for the preparation of this Report.

Consent to the inclusion of the Investigating Accountant's Report in the Bidders Statement in the form and context in which it appears, has been given. At the date of this Report, this consent has not been withdrawn.

Yours faithfully

**BDO Corporate Finance (WA) Pty Ltd**

**Sherif Andrawes**

Director

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## 12. Other Material Information

### 12.1 Shares

The maximum number of Wah Nam International Shares which would be required to be issued under the Offer if acceptances are received in respect of all the FerrAus Shares on issue as at the date of this Bidder's Statement is approximately 988,598,940 Wah Nam International Shares.

If all FerrAus option holders convert their options into FerrAus Shares before the end of the Offer Period and accept the Offer, then 1,024,448,940 Wah Nam International Shares will be required to be issued.

In order to accommodate the issue of the maximum number of Consideration Shares under the Offer, Wah Nam International proposes to increase its authorised share capital. The proposed increase in authorised share capital is subject to the approval of Wah Nam International Shareholders.

Upon obtaining Wah Nam International Shareholder approval, Wah Nam International will have the capacity to increase its authorised share capital and issue the maximum number of Wah Nam International Shares which it may be required to issue under the Offer.

Wah Nam International has agreed with Wah Nam Australia that, subject to prior shareholder approval, it will issue sufficient Wah Nam International Shares to satisfy the Offer Consideration payable to FerrAus Shareholders.

### 12.2 Share Option Scheme

Wah Nam International adopted the Share Option Scheme on 14 August 2002, pursuant to the written resolutions of its then sole shareholder. The Share Option Scheme is valid and effective for a period of 10 years from that date unless terminated earlier by Wah Nam International in general meeting or by the board of directors of Wah Nam International.

The purpose of the Share Option Scheme is to provide incentives or rewards to selected participants, including full time employees, executives or officers of the Wah Nam International Group (including executive and non-executive directors of the Wah Nam International Group) and any suppliers, consultants, agents or advisers who contribute or have contributed to the Wah Nam International Group (**Eligible Participants**), for their contribution to the Wah Nam International Group.

Under the Share Option Scheme, the board of directors of Wah Nam International may grant options to Eligible Participants to subscribe for Wah Nam International Shares. The board of directors of Wah Nam International may grant Wah Nam International Scheme Options to any Eligible Participants and set the exercise price, expiry date, a minimum period for which an option must be held before it can be exercised, performance targets (if any) which must be achieved before it can be exercised and other conditions applying to the options.

Wah Nam International Scheme Options are not, and will not be listed on the HKEx or the ASX.

(a) **Maximum number of Shares**

The total number of Wah Nam International Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of Wah Nam International at any time shall not exceed 30% of the number of Wah Nam International Shares on issue from time to time, provided that once options equivalent to 10% of the issued share capital have been issued, further shareholder approval is required for each subsequent 10% up to the 30% limit. No Wah Nam International Scheme Options shall be granted under any scheme(s) of the Wah Nam International Group if this will result in the 30% limit being exceeded.

(b) **Maximum number of options to any on individual**

The total number of Shares issued and which may be issued upon exercise of the Wah Nam International Scheme Options granted under the Share Option Scheme and any other share option scheme(s) of Wah Nam International (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Wah Nam International Shares on issue as at the date of grant.

Any further grant of Wah Nam International Scheme Options in excess of this 1% limit shall be subject to the issue of a circular by Wah Nam International and the approval of the Wah Nam International Shareholders in general meeting with such Eligible Participant and their Associates abstaining from voting and/or other requirements prescribed under the HKEx Listing Rules from time to time.

(c) **Granting options to connected persons**

Any grant of options to a chief executive or substantial shareholder of Wah Nam International or any of their respective associates is required to be approved by the independent non-executive directors of Wah Nam International (excluding any independent non-executive director who is the grantee of the Wah Nam International Scheme Options).

The grant of options to a Related Party is subject to the approval of the Wah Nam International Shareholders and where the Related Party is also a director or an associate of a director, the approval of the independent non-executive directors of Wah Nam International (excluding any independent non-executive director who is the grantee of the Wah Nam International Scheme Options).

In addition, if Wah Nam International proposes to grant Wah Nam International Scheme Options to a substantial shareholder (as defined in the HKEx Listing Rules) of Wah Nam International or any independent non-executive director or their respective associates which will result in the number of Wah Nam International Shares issued and to be issued upon exercise of options granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of the offer of such grant:

- representing in aggregate in excess of 0.1% of the Wah Nam International Shares on issue on the date of the offer; and
- having an aggregate value in excess of HK\$5 million, based on the closing price of Wah Nam International Shares at the date of each offer,

such further grant of Wah Nam International Scheme Options will be subject to the issue of a circular by Wah Nam International and the approval of the Wah Nam International Shareholders in general meeting on a poll at which all connected persons (as defined in the HKEx Listing Rules) of Wah Nam International shall abstain from voting, and/or such other requirements prescribed under the HKEx Listing Rules from time to time. A connected person (as defined in the HKEx Listing Rules) of Wah Nam International will be permitted to vote against the grant only if his intention to do so has been stated in the circular.

**(d) Rights are personal to grantee**

A Wah Nam International Scheme Option is personal to the grantee and the grantee may not in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Wah Nam International Scheme Option or attempt to do so.

In the event that a grantee ceases to be an Eligible Participant, other than by reason of:

- death; or
- termination of employment with Wah Nam International or a Subsidiary for certain events set out in the Share Option Scheme, including termination for just cause,

the options granted under the Share Option Scheme will expire 1 month after such cessation.

In the event of death, options granted under the Share Option Scheme will expire 12 months from the date of death unless extended by the board of Wah Nam International.

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In the event that a grantee ceases to be an Eligible Participant by reason of termination of employment with Wah Nam International or a Subsidiary for certain events set out in the Share Option Scheme, including termination for just cause, the option shall lapse automatically on the date on which the grantee ceases to be an Eligible Participant.

**(e) Time of exercise of option**

There is no general requirement that a Wah Nam International Scheme Option must be held for any minimum period before it can be exercised but the board of directors of Wah Nam International is empowered to impose at its discretion any such minimum period at the time of grant of any particular Wah Nam International Scheme Option.

Upon acceptance of the grant of Wah Nam International Scheme Options under the Share Option Scheme, the grantee shall pay HK\$1.00 to Wah Nam International by way of consideration for the grant.

(f) **Exercise price**

The exercise price of each Wah Nam International Scheme Option granted under the Share Option Scheme shall be such price as the board of directors of Wah Nam International in its absolute discretion shall determine, save that such price will not be less than the highest of:

- the closing price of Wah Nam International Shares as stated in the HKEX's daily quotations sheet on the date of grant, which must be a Business Day (and for this purpose shall be taken to be the date of the meeting of the board of directors of Wah Nam International at which the board proposes to grant the Wah Nam International Scheme Options);
- the average of the closing prices of Wah Nam International Shares as stated in the HKEX's daily quotations sheet for the 5 Business Days immediately preceding the date of grant; and
- the nominal value of a Wah Nam International Share.

Shares arising on the exercise of Wah Nam International Scheme Options will have the same rights as, and rank equally with, other Wah Nam International Shares.

(g) **Capital restructuring**

If there is a capitalisation issue, rights issue, sub-division, consolidation of shares or reduction of capital of Wah Nam International, there will be a corresponding adjustment to the number of Wah Nam International Shares subject to any outstanding Wah Nam International Scheme Options and/or the exercise price of each Wah Nam International Option. If Wah Nam International undertakes a rights issue, sub-division, consolidation of shares or reduction of capital, the adjustments must be made in accordance with the HKEX Listing Rules and the ASX Listing Rules. These provisions are designed to preserve the Eligible Participant's proportionate entitlement to Wah Nam International Shares on the exercise of Wah Nam International Scheme Options.

(h) **Performance target**

The board of directors of Wah Nam International has the discretion to require a particular grantee to achieve certain performance targets specified at the time of grant before any option granted under the Share Option Scheme can be exercised.

(i) **Alteration of Share Option Scheme**

The Share Option Scheme may be altered in any respect by resolution of the board of directors of Wah Nam International except that:

- any alteration to the advantage of the grantees or the Eligible Participants (as the case may be) in respect of the matters contained in Rule 17.03 of the HKEX Listing Rules; and
- any material alteration to the terms and conditions of the Share Option Scheme or any change to the terms of Wah Nam International Scheme Options granted (except any alterations which take effect automatically under the terms of the Share Option Scheme),

shall first be approved by the Wah Nam International Shareholders in general meeting provided that if the proposed alteration shall adversely affect a Wah Nam International Option granted or agreed to be granted prior to the date of alteration, such alteration shall be further subject to the grantees' approval in accordance with the terms of the Share Option Scheme.

The amended terms of the Share Option Scheme shall still comply with the Chapter 17 of the HKEx Listing Rules and any change to the authority of the board of directors of Wah Nam International in relation to any alteration to the terms of the Share Option Scheme must be approved by Wah Nam International Shareholders in general meeting.

(j) **Options on issue**

A total of 75,000,000 Wah Nam International Scheme Options have been granted under the Share Option Scheme.

Pursuant to a resolution passed by Wah Nam International Shareholders on 14 May 2010, Wah Nam International is currently authorised to grant Wah Nam International Scheme Options which are exercisable into 354,443,548 Wah Nam International Shares (being 10% of Wah Nam International Shares on issue as at the date of the resolution and approximately 9.1% of the current issued share capital).

Subject to the terms of the Share Options Scheme and the HKEx Listing Rules, Wah Nam International may seek further approval from Wah Nam International Shareholders after it has used up the above general mandate.

### **12.3 Interests and benefits of Wah Nam Australia's and Wah Nam International's directors**

Other than as set out below or elsewhere in this Bidder's Statement, ~~no Wah Nam Australia or Wah Nam International director or proposed director holds, at the time of lodgment of the Original Bidder's Statement with ASIC, or has held in the 2 years before lodgment of the Original Bidder's Statement with ASIC, an interest in:~~

- the formation or promotion of Wah Nam International or Wah Nam Australia;
- property acquired or proposed to be acquired by Wah Nam International or Wah Nam Australia in connection with its formation or promotion, or in connection with the offer of Wah Nam International Shares under the Offer; or
- the Offer.

Other than as disclosed in this Bidder's Statement, no amount (whether in cash, shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given to any Wah Nam Australia or Wah Nam International director:

- to induce a person to become, or qualify as a Wah Nam International or Wah Nam Australia director; or
- for services provided by a Wah Nam International or Wah Nam Australia director in connection with the formation or promotion of Wah Nam International, Wah Nam Australia or the Offer.

## 12.4 Interests and fees of experts, advisers and other named persons

Other than as set out below or elsewhere in this Bidder's Statement no:

- person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement;
- promoter of Wah Nam International or Wah Nam Australia; or
- Australian Financial Service licensee involved in the Offer,

holds at the time of lodgment of the Original Bidder's Statement with ASIC, or has held in the 2 years before lodgment of the Original Bidder's Statement with ASIC, an interest in:

- the formation or promotion of Wah Nam International or Wah Nam Australia;
- property acquired or proposed to be acquired by Wah Nam International or Wah Nam Australia in connection with its formation or promotion, or in connection with the Offer; or
- the Offer, and

no amount (whether in cash, shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given to any such persons for services in connection with the formation or promotion of Wah Nam International or Wah Nam Australia or the Offer:

- (i) Capital Investment Partners has agreed to act as Australian corporate adviser to Wah Nam Australia and Wah Nam International in relation to the Offer. Wah Nam International has paid, or agreed to pay, approximately A\$105,000 for these services, as at the date of the Original Bidder's Statement and will receive a success fee of 0.5% of the value of the FerrAus Shares acquired pursuant to the Offer if the minimum acceptance Condition is met;
- (ii) OSK Capital Hong Kong Limited has agreed to act as Hong Kong corporate adviser to Wah Nam Australia and Wah Nam International in relation to the Offer. Wah Nam International has paid, or agreed to pay, approximately HK\$1,126,000 for these services, as at the date of the Original Bidder's Statement;
- (iii) Clayton Utz has acted as Australian legal adviser to Wah Nam Australia and Wah Nam International in relation to the Offer. Wah Nam International has paid, or agreed to pay, approximately A\$500,000 for these services, as at the date of the Original Bidder's Statement. Further amounts may be paid to Clayton Utz in accordance with its normal time based charge-out rates;
- (iv) Michael Li & Co has acted as Hong Kong legal adviser to Wah Nam Australia and Wah Nam International in relation to the Offer. Wah Nam International has paid, or agreed to pay, approximately HK\$100,000 for these services, as at the date of the Original Bidder's Statement. Further amounts may be paid to Micheal Li & Co in accordance with its normal time based charge-out rates;

- (v) Behre Dolbear has prepared the Independent Technical Report dated 30 June 2008 for the inclusion in a Wah Nam International Circular dated 30 June 2008 and the status update letter both of which are included in Section 10 of this Bidder's Statement, the Brockman Resources Bidder's Statement and Section 9 of the Prospectus. Wah Nam International has paid, or agreed to pay, approximately US\$35,000 for the preparation of the status update letter, as at the date of the Original Bidder's Statement;
- (vi) BDO Corporate Finance has prepared the Investigating Accountant's Report included in Section 11 of this Bidder's Statement, the Brockman Resources Bidder's Statement and Section 8 in the Prospectus. Wah Nam International has paid, or agreed to pay, approximately A\$125,000 for these services, as at the date of the Original Bidder's Statement;
- (vii) PricewaterhouseCoopers Australia has provided certain taxation services to Wah Nam International in relation to the disclosures in this Bidder's Statement on the Australian income tax implications arising for Australian resident investors who accept the Offer. Wah Nam International has paid, or agreed to pay, approximately A\$3,750 for these tax services, as at the date of the Original Bidder's Statement. Further amounts may be paid to PricewaterhouseCoopers in accordance with its normal time based charge-out rates; and
- (viii) PricewaterhouseCoopers Hong Kong is Wah Nam International's auditor. Fees billed by PricewaterhouseCoopers Hong Kong to Wah Nam International for the FY2009 was HK\$1,400,000.

## 12.5 Corporate Governance

The Wah Nam International board is committed to the principles of best practice in corporate governance. The board has relied on the Revised Principles of Corporate Governance Principles and Recommendations, developed by the ASX Corporate Governance Council and the Code of Corporate Governance Practices as set out in Appendix 14 of the HKEx Listing Rules, in formulating its corporate governance policies and practices. The board seeks, where appropriate, to adopt the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations and the Code of Corporate Governance Practices as set out in Appendix 14 of the HKEx Listing Rules. To the extent these principles have not been adopted appropriate justification has been set out below.

Wah Nam International's corporate governance principles and policies are guided by the ASX Corporate Governance Council's recommendations. The format of this Part is structured accordingly.

### (a) Principle 1: Lay solid foundation for management and oversight

The Wah Nam International board and senior management have agreed on their respective roles and responsibilities, and the functions reserved to the board and to senior management. Wah Nam International has in place a Board Charter which sets out the duties and responsibilities of the board and clarifies the respective roles and responsibilities of board members. The board has also established various Board committees, including an Executive Committee, for the purposes of implementing Wah Nam International's corporate governance principles.

(b) **Principle 2: Structure the board to add value**

The Wah Nam International board comprises of a majority of independent directors.

The Wah Nam International board ultimately takes responsibility for considering and reviewing corporate governance policies.

The composition, function and responsibilities of the board are set out in Wah Nam International's Bye-laws and Board Charter, and include the following:

- One third of the board retires and is subject to re-election at each Annual General Meeting of Wah Nam International.
- Subsequent or additional directors are initially appointed by the board and then are subject to re-election by Wah Nam International Shareholders at the next annual general meeting.
- The chairman of the Wah Nam International board is to be elected by the board, and the performance of the directors is to be reviewed by the Remuneration and Performance Committee on an ongoing basis.
- The Wah Nam International board monitors the strategic objectives and performance in the achievement of these objectives.
- The Wah Nam International board approves budgets and monitors financial objectives and performance in achieving the budgets.
- The Wah Nam International board reviews and ratifies risk management strategies to ensure that all major business risks are identified and effectively managed.
- ~~The Wah Nam International board is responsible for overseeing effective internal control systems.~~
- The Wah Nam International board schedules meetings on a regular basis, and other meetings as and when required.
- The Wah Nam International directors have the right, in connection with their duties and responsibilities as directors, to delegate any of their powers and discretions to committees responsible to the board. To this end, the board has established the following committees:
  - Executive Committee;
  - Remuneration and Performance Committee;
  - Audit Committee;
  - Risk Management Committee;
  - Nomination Committee; and
  - Health, Safety, Environment and Sustainability Committee.

Committee charters and terms of reference have been established to govern each committee's duties and responsibilities with such charters and terms of reference being reviewed regularly by the board.

- The Wah Nam International directors have the right, in connection with their duties and responsibilities as directors, to seek independent professional advice at Wah Nam International's expense. Prior approval of the chairman is required, which will not be unreasonably withheld.

The board has determined, given Wah Nam International's current strategy, it is not appropriate to separate the role of the chairman from the chief executive officer and accordingly, the chairman of Wah Nam International is not an independent director. Currently, Mr Luk Kin Peter Joseph has assumed the role of both chairman and chief executive officer of Wah Nam International. As Wah Nam International's business becomes more diversified, the board will review the needs of appointing a suitable candidate to assume the role of the chief executive officer.

The board has established a Nomination Committee which is responsible for providing advice and recommendations to the board regarding:

- the identification of suitable candidates for nomination to the board, board committees and senior management;
- succession planning for the board and senior management;
- the appointment and re-election of directors (both executive and non executive); and
- ensuring the skills needed are available to the board to discharge its duties and add value to Wah Nam International.

The Nomination Committee may obtain information from and consult with management and external advisers, if it considers it is appropriate.

(c) **Principle 3: Promote ethical and responsible decision making**

All directors, senior management and employees are expected to conduct themselves with integrity, openness, honesty and fairness, and in the best interests of Wah Nam International. The board has established a Code of Conduct and Ethics to guide all directors, members of senior management and employees.

The board has also established a Securities Trading Policy which extends to all directors, members of senior management and all other employees for the purposes of ensuring, amongst other things, that the personal investments of any employee does not conflict with the interests of Wah Nam International and those of other holders of Wah Nam International securities and to preserve market confidence in the integrity of dealings in Wah Nam International securities.

(d) **Principle 4: Safeguard integrity in financial reporting**

The Wah Nam International directors are committed to ensuring the truthful and factual presentation of Wah Nam International's financial position. The board has established an Audit Committee which comprises 3 non-executive directors and a chairman who is appointed from the independent non-executive directors.

The Audit Committee reviews and monitors Wah Nam International's financial statements, financial reporting processes, risk management systems, internal audit, external audit and such other matters as the board may request from time to time.

(e) **Principle 5: Make timely and balanced disclosure**

The Wah Nam International directors are committed to keeping the market fully informed of material developments to ensure compliance with the ASX Listing Rules, the HKEx Listing Rules, and the Companies Act. At each board meeting, specific consideration is given as to whether any matters should be disclosed under Wah Nam International's continuous disclosure policy.

The directors have established written policies and procedures to ensure compliance with the disclosure requirements of the ASX Listing Rules and the HKEx Listing Rules, and to ensure accountability at a senior management level for that compliance.

(f) **Principle 6: Respect the rights of shareholders**

The Wah Nam International directors have established a communications strategy to promote effective communication with shareholders, and encourage effective participation at general meetings. As well as ensuring timely and appropriate access to information for all investors via announcements to the ASX, Wah Nam International will also ensure that all relevant documents are released on Wah Nam International's website for the purpose of both stakeholders and shareholders. Copies of all corporate governance policies, charters and terms of references are also freely available on Wah Nam International's website.

The Communications Strategy and Continuous Disclosure Policy includes a guideline to notices of meeting in accordance with Wah Nam International's Bye-laws, pursuant to which Wah Nam International is required to give at least 21 days' notice of an annual general meeting or any special general meeting at which the passing of a special resolution is to be considered and at least 14 days' notice of all other special general meetings, unless that meeting is a continuation of a meeting which has previously been adjourned or a shorter notice period is so agreed in accordance with Wah Nam International's Bye-laws. Appendix 14 of the HKEx Listing Rules recommends the notice to shareholders be sent at least 20 clear Business Days before an annual general meeting and at least 10 clear Business Days before all other general meetings. The notice periods in Appendix 14 of the HKEx Listing Rules have not been adopted as the directors believe that the notice periods in the Communications Strategy and Continuous Disclosure Policy and Wah Nam International's Bye-laws provide Wah Nam International with more flexibility and are more efficient which is beneficial to Wah Nam International Shareholders.

(g) **Principle 7: Recognise and manage risk**

Wah Nam International has established a Risk Management Committee, an Audit Committee and a Health, Safety, Environment and Sustainability Committee for the purposes of overseeing, monitoring and managing all material business risks.

The committees must regularly report to the board on compliance with any risk, audit and health, safety, environment and sustainability policies and protocols in place at the time.

Although Wah Nam International is not required to comply with section 295A of the Corporations Act (being a company incorporated in Bermuda), the directors require the chief executive officer and financial controller to state in writing to the board that:

- Wah Nam International's financial reports present a true and fair view, in all material respects, of Wah Nam International's financial condition and operational results, and are in accordance with the relevant accounting standards;
- the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies established by the board; and
- Wah Nam International's risk management and internal control systems are operating efficiently and effectively in all material respects.

(h) **Principle 8: Remunerate fairly and responsibly**

The Wah Nam International board has established a Remuneration and Performance Committee comprising of a majority of independent non-executive directors.

The Remuneration and Performance Committee's duties and responsibilities are set out in the terms of references and include:

- evaluating the board's performance and the performance of individual directors; and
- review and make recommendations to the Board in respect of directors and senior management's remuneration.

The terms of reference in respect of the Remuneration and Performance Committee distinguishes the structure of the non-executive directors' remuneration from that of executive directors and senior executives. The board is determined to attract and retain high calibre non-executive directors to work with Wah Nam International, and to save the cash output as salary payment by cash. Accordingly, the structure of the non-executive directors' remuneration allows for remuneration in the form of Wah Nam International Scheme Options, granted under the Share Option Scheme, details of which are set out in Section 12.2.

The Remuneration and Performance Committee may obtain information from and consult with external professional advisers, if it considers it is appropriate.

**12.6 Expenses of the Offer**

The total costs of the Offer to be borne by Wah Nam International are estimated at approximately A\$1.5 million. This includes legal, accounting, independent experts, share registrar, ASIC and other professional fees.

**12.7 FIRB**

FIRB advised Wah Nam Australia that it had no objections to Wah Nam Australia making the proposed Offer. This was based on the then value of the Offer not exceeding the threshold prescribed under FATA. Since the lodgement of the Original Bidder's Statement, FIRB has asked Wah Nam Australia to seek written confirmation of the previous clearance it had received based on the terms and conditions of the Offer. Wah Nam Australia has sought such written confirmation and is awaiting confirmation from FIRB.

## 12.8 ASIC modifications

ASIC has published various Class Orders that modify, or exempt parties from compliance with, the operation of various provisions of Chapter 6 of the Corporations Act. Wah Nam Australia has relied on this Class Order relief.

This Bidder's Statement includes statements which are made in, or based on statements made in, documents lodged with ASIC or given to the ASX. Under the terms of ASIC Class Order 01/1543, the parties making those statements are not required to consent to, and have not consented to, inclusion of those statements in this Bidder's Statement. FerrAus Shareholders are entitled to obtain from Wah Nam Australia free of charge any document which contains such a statement. If you would like to receive a copy of any of those documents, or the relevant part of the documents containing the statements, (free of charge), during the Offer Period, please contact the Shareholder Information Line on 1300 085 644 (toll free for callers in Australia) or +61 3 9415 4142 (for callers outside Australia) Monday to Friday 5:30am to 5:00pm (WST).

In addition, as permitted by ASIC Class Order 03/635, this Bidder's Statement may include or be accompanied by certain statements:

- fairly representing a statement by an official person; or
- from a public official document or a published book, journal or comparable publication.

Wah Nam Australia has been granted a modification to the Corporations Act the effect of which is to enable it to include as a condition to the Offer that Wah Nam International Shareholders approve:

- the acquisition of all of the FerrAus Shares on the terms set out in the Offer and on any amended terms by Wah Nam Australia; and
- the allotment and issue of the Consideration Shares.

## 12.9 ASX Listing Rule Waivers

Wah Nam International has applied for a waiver of ASX Listing Rule 1.1 condition 11 to the extent necessary to permit Wah Nam International to have on issue the following securities:

- 27,000,000 unquoted options exercisable at HK\$1.24 on or before 10 February 2014; and
- 9,000,000 unquoted options exercisable at HK\$1.164 on or before 17 January 2014.

## 12.10 HKEx Listing Rule Waivers

The HKEx Listing Rules require Wah Nam International to include, amongst other things, technical reports on the resources of FerrAus and Brockman Resources in its circular to be sent to Wah Nam International Shareholders for the purposes of seeking shareholder approval for the acquisition of the FerrAus and Brockman Resources Shares.

Wah Nam International has received a letter from the HKEx accepting Wah Nam International's proposal that, rather than including the technical reports in its initial circular, it will, after the end of the Offer Period and subject to the results of the Offer and the Brockman Resources Offer, issue supplementary circulars to Wah Nam International Shareholders with the inclusion of, amongst other things, technical reports on the resources of FerrAus and Brockman Resources.

### **12.11 Date for determining holders of FerrAus Shares**

For the purposes of section 633(2) of the Corporations Act, the date for determining the persons to whom information is to be sent under items 6 and 12 of section 633(1) of the Corporations Act is 4:00pm (WST) on 7 December 2010. You should note that this date has changed from the date stated in Section 12.10 of the Original Bidder's Statement.

### **12.12 Consents**

The Bidder's Statement contains information about FerrAus and Brockman Resources. This information has been sourced from information released to the ASX. In particular the information has been sourced from:

- NiQuest Limited Prospectus dated 8 December 2003
- Yilgarn Mining Limited Annual Financial Report 2004
- NiQuest Limited ASX Announcement Name Change dated 20 December 2005
- Brockman Resources ASX Announcement 'Marillana Project Development Update - Brockman to Suspend Stage 1 to focus on larger 15-25 Mpta Stage 2 Project' dated 4 November 2008

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- Brockman Resources ASX Announcement 'Marillana Project Development Update -Brockman Awards Stage 2 Pre-Feasibility Study to Ausenco' dated 3 December 2008
- Brockman Resources Annual Report 2008
- Brockman Resources ASX Announcement 'Brockman moves to Definitive Feasibility Study Following Completion of Positive Pre-Feasibility Study at Marillana' dated 10 August 2009
- Brockman Resources ASX Announcement 'Brockman Receives Key Environmental Approval for Marillana Iron Ore Project' dated 18 August 2009
- Brockman Resources ASX Announcement 'Brockman Secures Final Key Native Title Mining Agreement for Marillana Project' dated 2 December 2009
- FerrAus Annual Report 2009
- Brockman Resources Annual Report 2009

- Brockman Resources ASX Announcement 'Brockman's Marillana Iron Ore Project on Track with Grant of Mining Lease' dated 5 January 2010
  - Brockman Resources ASX Announcement 'Major Resources Upgrade takes Brockman's Iron Ore Project Closer to Development' dated 9 February 2010
  - FerrAus ASX Announcement 'FerrAus Moves to Pre-Feasibility Study After Scoping Study Indicates Potential A\$1.1 Billion NPV' dated 24 February 2010
  - Brockman Resources Company Presentation dated March 2010
  - FerrAus Investor Presentation dated 29 March 2010
  - FerrAus ASX Announcement Third Quarter Activities Report for the period ending 31 March 2010
  - FerrAus ASX Announcement 'Appointment of Chief Financial Officer' dated 15 June 2010
  - FerrAus ASX Announcement 'Major Upgrade Underpins PFS at FerrAus Pilbara Project' dated 16 June 2010
  - FerrAus ASX Announcement 'Subscription Agreement with Wah Nam International Holdings Ltd' dated 23 June 2010
  - Penfold Limited 'Notice of Change of Interest of Substantial Holder' - Form 604 to FerrAus dated 29 June 2010
  - Joe Singer 'Notice of Change of Interest of Substantial Holder' - Form 604 to FerrAus dated 29 June 2010
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- John Nyvit 'Notice of Change of Interest of Substantial Holder' - Form 604 to FerrAus dated 29 June 2010
  - Western Mining Co Limited 'Notice of Change of Interest of Substantial Holder' - Form 604 to FerrAus dated 30 June 2010
  - FerrAus ASX Announcement 'Change of Company Officers' dated 30 July 2010
  - FerrAus Media Statement dated 6 September 2010
  - Brockman Resources ASX Announcement - Brockman Delivers Positive Marillana Feasibility Study dated 29 September 2010
  - Brockman Resources Quarterly Report for the period ending 30 September 2010
  - FerrAus ASX Appendix 5B for the quarter ended 30 September 2010
  - China Railway Materials Corporation 'Notice of Change of Interest of Substantial Holder' - Form 604 to FerrAus dated 14 October 2010
  - Brockman Resources Annual Report 2010

- FerrAus Annual Report 2010
- ASX Company Information for FerrAus dated 9 November 2010
- ASX Company Information for Brockman Resources dated 9 November 2010
- FerrAus ASX Announcement 'Pre Feasibility Study Confirms Robust Project' dated 15 November 2010
- FerrAus ASX Announcement 'Maiden Iron Ore Reserve of 126Mt, New Mirrin Mirrin Results Lift Total Resources to 328.7Mt' dated 15 November 2010
- Brockman Resources Appendix 3B dated 18 November 2010
- FerrAus Appendix 3B dated 26 November 2010
- Brockman Resources ASX Announcement 'Cancellation of Options' dated 2 December 2010
- Brockman Resources ASX Announcement 'Marillana Development on Track Following Award of Key Engineering Services Contract' dated 3 December 2010

You may obtain a copy of the announcements (free of charge) from the ASX website at [www.asx.com.au](http://www.asx.com.au) or by contacting the Shareholder Information Line on 1300 085 644 (toll free for callers in Australia) or +61 3 9415 4142 (for callers outside Australia). Monday to Friday between 8:30 am and 5:00pm (WST) during the Offer Period.

Clayton Utz has given and has not, before lodgement of this Bidder's Statement with ASIC, withdrawn its written consent to be named as Australian legal adviser to Wah Nam Australia and Wah Nam International in the form and context in which it is named.

Michael Li & Co has given and has not, before lodgement of this Bidder's Statement with ASIC, withdrawn its written consent to be named as Hong Kong legal adviser to Wah Nam Australia and Wah Nam International in the form and context in which it is named.

Capital Investment Partners has given and has not, before lodgement of this Bidder's Statement with ASIC, withdrawn its written consent to be named as Australian corporate adviser to Wah Nam Australia and Wah Nam International in the form and context in which it is named.

Behre Dolbear has given and has not, before lodgement of this Bidder's Statement with ASIC, withdrawn its written consent to:

- the inclusion of the Technical Assessment Report and the status update letter in Section 10 and the inclusion of the mine location map, Table 1 and Table 2 included in Section 3.3 in the form and context in which they appear; and
- be named as Independent Technical adviser to Wah Nam Australia in the form and context in which it is named.

Behre Dolbear has not otherwise authorised or caused the issue of this Bidder's Statement.

OSK Capital Hong Kong Limited has given and has not, before lodgement of this Bidder's Statement with ASIC, withdrawn its written consent to be named as Hong Kong corporate adviser to Wah Nam Australia and Wah Nam International in the form and context in which it is named.

BDO Corporate Finance has given and has not, before lodgement of this Bidder's Statement with ASIC, withdrawn its written consent to:

- the inclusion of its Investigating Accountant's Report in Section 11 in the form and context in which it is included; and
- be named as Investigating Accountant to Wah Nam Australia and Wah Nam International in the form and context in which it is named.

BDO Corporate Finance has not otherwise authorised or caused the issue of this Bidder's Statement.

PricewaterhouseCoopers Hong Kong gave its consent on 9 November 2010 to the reference to its name in paragraph 12.4(viii) and in the Corporate Directory in the form and context which it appears and has not, before lodgement of this Bidder's Statement with ASIC, withdrawn its written consent.

PricewaterhouseCoopers Australia has given and has not, before lodgement of this Bidder's Statement with ASIC, withdrawn its written consent to the statement in paragraph 12.4(vii) above in the form and context in which it appears.

Tricor has given and has not, before lodgement of this Bidder's Statement with ASIC, withdrawn its written consent to be named as Hong Kong Registrar to Wah Nam International in the form and context in which it is named.

Computershare Investor Services Pty Limited has given and has not, before lodgement of this Bidder's Statement with ASIC, withdrawn its written consent to be named as Australian Registrar to Wah Nam International in the form and context in which it is named.

The information in this Bidder's Statement that relates to Mineral Resources and Ore Reserves for the Damajianshan Mine is based on information compiled by Qingping Deng who is a member of the American Institute of Professional Geologists, being a recognised overseas professional organisation for the purposes of the ASX Listing Rules. At the time of compiling the information, Qingping Deng was a full time employee of Behre Dolbear. Qingping Deng has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which Wah Nam International is undertaking to qualify as a competent person as defined in the JORC Code. Qingping Deng consents to the inclusion in this Bidder's Statement of the matters based on the information prepared by him, in the form and context in which it appears.

Subject to the paragraph next following, each person named in this Section 12.12 as having given its consent to the inclusion of a statement or being named in this Bidder's Statement:

- does not make, or purport to make, any statement in this Bidder's Statement or any statement on which a statement in this Bidder's Statement is based,

other than a statement included in this Bidder's Statement with the consent of that person; and

- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Bidder's Statement, other than a reference to its name and, in the case of a person referred to above as having given their consent to the inclusion of a statement, any statement which has been included in this Bidder's Statement with the consent of that party.

Capital Investment Partners has agreed to certain statements being included in this Bidder's Statement and has specifically agreed to take responsibility for those statements.

### **12.13 Status of Conditions**

At the date of this Bidder's Statement, Wah Nam Australia is not aware of any events which would result in a breach or inability to satisfy the Conditions except that on 18 November 2010, FerrAus advised Wah Nam Australia that it intends to issue 350,000 options to Chris Hunt and 360,000 to certain other employees upon completion of the preliminary feasibility study (Mirrin Mirrin concept). Wah Nam A has advised FerrAus that it will not rely on the Condition set out in Section 13.9(b) in respect of the grant of these options.

The Wah Nam International Shareholder's meeting referred to in the Condition set out at paragraph 13.9(a), which will consider approval of the Offer, is expected to be held on 13 December 2010.

### **12.14 Announcement of Offer**

The text of the announcements of the Offer which was announced to the HKEx and given to FerrAus on 10 November 2010 is set out in Appendix 1.

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### **12.15 Litigation of Wah Nam International**

Wah Nam Australia is not aware of any litigation, pending or threatened, or other legal proceeding in relation to Wah Nam International.

### **12.16 Expiry date**

No securities will be issued on the basis of this Bidder's Statement after the date which is 13 months after the date of the Original Bidder's Statement.

### **12.17 No other material information**

Except as set out in this Bidder's Statement, there is no other information that is material to the making of the decision by a holder of FerrAus Shares whether or not to accept the Offer, which is known to Wah Nam Australia and has not previously been disclosed to the FerrAus Shareholders.

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## **13. The Offer**

### **13.1 General Terms**

#### **(a) The Offer**

Wah Nam Australia offers to acquire all of your FerrAus Shares on the terms and conditions of this Offer.

#### **(b) Shares subject to the Offer**

This Offer relates to all FerrAus Shares:

- (i) which exist (or will exist) as at the day set by Wah Nam Australia under section 633(2) of the Corporations Act (**Register Date**); and
- (ii) that are issued during the period from the Register Date to the end of the Offer Period due to the conversion of, or exercise of the rights attached to, Convertible Securities.

#### **(c) The Consideration**

The consideration offered for each of your FerrAus Shares is 6 Wah Nam International Shares. The Wah Nam International Shares received will rank equally in all respects with the existing Wah Nam International Shares.

### **13.2 Date of Offer**

This Offer is dated [●] November 2010.

### **13.3 Offer Period**

#### **(a) Offer Period**

Unless withdrawn, this Offer will remain open for acceptance during the period commencing on the date of this Offer, being [●], and ending at 4:00pm (WST) on the later of:

- (i) [●] and
- (ii) any date to which the Offer Period is extended in accordance with the Corporations Act, provided that Wah Nam Australia expressly reserves its rights under section 650C of the Corporations Act to extend the period during which this Offer remains open or otherwise to vary this Offer in accordance with the Corporations Act.

#### **(b) Automatic extension**

If within the last seven days of the Offer Period, either of the following events occurs:

- (i) the Offer is varied to improve the consideration offered; or
- (ii) Wah Nam Australia's Voting Power in FerrAus increases to more than 50%,

then the Offer Period will be automatically extended so that it ends 14 days after the relevant event.

## **13.4 Who may accept**

### **(a) Who may accept**

During the Offer Period:

- (i) any person who is able to give good title to a parcel of your FerrAus Shares may accept (if they have not already accepted an offer in the form of the Offer) as if an offer on terms identical with the Offer has been made to them;
- (ii) any person who holds one or more parcels of FerrAus Shares as trustee or nominee, or otherwise on account of another person, may accept as if a separate and distinct offer had been made in relation to:
  - A. each of those parcels; and
  - B. any parcel they hold in their own right; and
- (iii) any person who is issued FerrAus Shares during the period from the Register Date to the end of the Offer Period due to the conversion of, or exercise of the rights attached to, Convertible Securities.

### **(b) Registered holders**

A person is taken to hold FerrAus Shares if the person is registered as the holder of those FerrAus Shares.

### **(c) Trustees and nominees**

A person is taken to hold FerrAus Shares on trust for, as nominee for, or on account of, another person if they:

- (i) are registered as the holder of particular FerrAus Shares; and
- (ii) hold their interest in the FerrAus Shares on trust for, as nominee for, or on account of, that other person.

### **(d) Required notice**

In the case of a person who may accept under paragraph 13.4(c) as if a separate and distinct offer, on the same terms and conditions as the Offer, has been made to that person for a distinct parcel of FerrAus Shares within a holding, an acceptance of that offer is ineffective unless:

- (i) the person gives Wah Nam Australia a notice stating that the FerrAus Shares consist of a separate and distinct parcel; and
- (ii) the acceptance specifies the number of FerrAus Shares in the parcel.

### **(e) How to provide notice**

A notice under paragraph 13.4(d) must be made:

- (i) if it relates to FerrAus Shares in a CHES Holding, in an electronic form approved under the ASX Settlement Operating Rules for the purposes of Part 6.8 of the Corporations Act; or

(ii) otherwise, in writing.

(f) **Two or more parcels**

A person may, at the one time, accept for two or more parcels under this Section 13.4 as if there had been a single offer for a separate parcel consisting of those distinct parcels.

**13.5 How to accept this Offer**

(a) **All of your FerrAus Shares**

The Offer is for all of your FerrAus Shares. You may accept the Offer only in respect of all of your FerrAus Shares.

You may accept the Offer at any time during the Offer Period.

(b) **Acceptance procedure for FerrAus Shareholders**

To validly accept the Offer:

- (i) for FerrAus Shares held in your name on FerrAus' **issuer sponsored subregister** (as indicated on the Acceptance Form), you must:
- A. complete and sign the Acceptance Form in accordance with the terms of the Offer and the instructions on the Acceptance Form;
  - B. ensure that you have made a valid and distinct selection for either Australian registered Wah Nam International Shares or Hong Kong registered Wah Nam International Shares in accordance with the instructions on the Acceptance Form. Where no selection is made, or where the selection made is made in such a manner that it cannot be validly distinguished as constituting a selection for either the Australian registered Wah Nam International Share alternative or the Hong Kong registered Wah Nam International Share alternative, then subject to paragraph 13.5(f), the acceptance of the Offer will be deemed by Wah Nam Australia to have been made for the Australian registered Wah Nam International Share alternative; and
  - C. ensure that the Acceptance Form (including any documents required by the terms of the Offer and the instructions on the Acceptance Form) is sent so that it is received before the end of the Offer Period, to the address shown in paragraph 13.5(c); or
- (ii) for FerrAus Shares held in your name in a **CHES Holding** (as indicated on the Acceptance Form):
- A. if you are not a Participant, you should advise your Controlling Participant whether you wish to receive Australian or Hong Kong registered Wah Nam International Shares and instruct your Controlling Participant to initiate acceptance of the Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period; or

- B. if you are a Participant, you should initiate acceptance of the Offer in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.

Alternatively, you may:

- A. complete and sign the Acceptance Form in accordance with the terms of the Offer and the instructions on the Acceptance Form:
- B. ensure that you have made a valid and distinct selection for either Australian registered Wah Nam International Shares or Hong Kong registered Wah Nam International Shares in accordance with the instructions on the Acceptance Form. Where no selection is made, or where the selection made is made in such a manner that it cannot be validly distinguished as constituting a selection for either the Australian registered Wah Nam International Share alternative or the Hong Kong registered Wah Nam International Share alternative, then subject to paragraph 13.5(f), the acceptance of the Offer will be deemed by Wah Nam Australia to have been made for the Australian registered Wah Nam International Share alternative; and
- C. ensure that it (including any documents required by the terms of the Offer and the instructions on the Acceptance Form) is sent so that it is received in sufficient time for it to be despatched to your Controlling Participant before the end of the Offer Period, to the address shown on the Acceptance Form.

(c) **Mailing and delivery details**

The mailing and delivery addresses for completed Acceptance Forms and any associated documents are as follows:

Wah Nam International Australia Pty Ltd  
C/O Computershare Investor Services Pty Limited  
GPO Box 52  
Melbourne Victoria 3001 Australia

A reply paid envelope has been enclosed for FerrAus Shareholders with Australian addresses to return their completed Acceptance Form. Overseas FerrAus Shareholders should return their Acceptance Form by airmail.

(d) **Acceptance Form and instructions on it**

The Acceptance Form which accompanies the Offer forms part of the Offer. The requirements on the Acceptance Form must be observed in accepting the Offer in respect of your FerrAus Shares.

(e) **Power of attorney, deceased estate**

When accepting the Offer, you must also forward for inspection:

- (i) if the Acceptance Form is executed by an attorney, a certified copy of the power of attorney; and

- (ii) if the Acceptance Form is executed by the executor of a will or the administrator of the estate of a deceased FerrAus Shareholder, the relevant grant of probate or letters of administration.

(f) **When acceptance is complete**

Acceptance of the Offer is complete once either:

- (i) the completed Acceptance Form (together with all other documents required by the instructions on it) has been received at the address in paragraph 13.5(c) above and all requirements of this Section 13.5 have been met, provided that:
  - A. Wah Nam Australia may, in its sole discretion, waive any or all of those requirements at any time; and
  - B. where such requirements have been complied with in respect of some but not all of your FerrAus Shares, Wah Nam Australia may, in its sole discretion, deem your acceptance of the Offer complete in respect of all or none of your FerrAus Shares, and Wah Nam Australia is not required to communicate with you prior to making its determination as to the above matters and the determination of Wah Nam Australia will be final and binding on all of the parties; or
- (ii) in relation to a CHESS Holding, acceptance has been carried out in accordance with Rule 14.14 of the ASX Settlement Operating Rules.

### **13.6 Ineligible Overseas Shareholders**

(a) **Scrip consideration**

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If you are an Ineligible Overseas Shareholder, you will not be entitled to receive Wah Nam International Shares as the Offer Consideration for your FerrAus Shares as a result of accepting the Offer.

(b) **Nominee procedure**

In respect of those Wah Nam International Shares which you would have become entitled to receive under Section 13.1 but for paragraph 13.6(a), Wah Nam Australia will:

- (i) arrange for the issue to the Nominee of the number of Wah Nam International Shares which you and all other Ineligible Overseas Shareholders would have been entitled to under Section 13.1 but for paragraph 13.6(a);
- (ii) cause the Nominee to sell on-market, or cause the Nominee to procure the on-market sale of, all of the Wah Nam International Shares issued to it under paragraph 13.6(b)(i) as soon as practicable and in any event not more than 10 Business Days after the close of the Offer;
- (iii) after the sale of the Wah Nam International Shares pursuant to paragraph 13.6(b)(ii), cause the Nominee to pay, or procure the payment of, the amount which is received by the Nominee upon the sale of all Wah Nam

International Shares under paragraph 13.6(b)(ii) less brokerage and other sale expenses (**Proceeds of Sale**) to Wah Nam Australia; and

- (iv) pay, or procure the payment of the proportion of the Proceeds of Sale which you are entitled to receive, ascertained in accordance with the following formula:

Proceeds of Sale x (A/B)

where:

**A** is the number of Wah Nam International Shares which Wah Nam Australia would otherwise be required to cause Wah Nam International to issue to you as a result of your acceptance of the Offer under Section 13.1; and

**B** is the total number of Wah Nam International Shares issued to the Nominee under paragraph 13.6(b)(i).

- (v) The amount payable to you under paragraph 13.6(b)(iv) will be paid by cheque in one lump sum in Australian currency. The cheque will be sent to you at your risk by pre-paid airmail to your address as shown on the copy of the register of FerrAus Shareholders held by Wah Nam Australia. Under no circumstances will interest be paid on the proceeds of this sale, regardless of any delay in remitting these proceeds to you.
- (vi) Notwithstanding anything else contained in this document, Wah Nam Australia is not under any obligation to spend any money, or undertake any action, in order to satisfy itself that a person is not an Ineligible Overseas Shareholder and is therefore eligible to receive Wah Nam International Shares under the Offer.

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## 13.7 The effect of acceptance

### (a) Your agreement

By signing and returning the Acceptance Form or otherwise accepting the Offer in accordance with Section 13.5, you will be deemed to have:

- (i) irrevocably accepted this Offer in respect of all the FerrAus Shares registered in your name to which this Offer relates as specified in the Acceptance Form;
- (ii) agreed to transfer your FerrAus Shares to Wah Nam Australia, subject to this Offer being declared free from Conditions or the Conditions being fulfilled or waived;
- (iii) authorised Wah Nam Australia and each of its officers and agents to complete the Acceptance Form by correcting any errors in or omissions from the Acceptance Form as may be necessary:
- A. to make the Acceptance Form an effective acceptance of this Offer; and/or
- B. to enable registration of the transfer to Wah Nam Australia of your FerrAus Shares;

- (iv) if any of your FerrAus Shares are in a CHESS Holding, authorised Wah Nam Australia and each of its officers and agents to:
- A. instruct your Controlling Participant to give effect to your acceptance of the Offer for those FerrAus Shares under Rule 14.14 of the ASX Settlement Operating Rules; and
  - B. give to your Controlling Participant on your behalf any other instructions in relation to those FerrAus Shares which are contemplated by the sponsorship agreement between you and your Controlling Participant and are necessary or appropriate to facilitate your acceptance of the Offer;
- (v) irrevocably authorised and directed FerrAus to pay to Wah Nam Australia or to account to Wah Nam Australia for all dividends and other distributions and entitlements which are declared, paid or which arise or accrue after the date of this Offer in respect of your FerrAus Shares which Wah Nam Australia acquires pursuant to this Offer (subject to Wah Nam Australia accounting to you for any dividends, distributions or entitlements received by it if your acceptance of this Offer is validly withdrawn pursuant to section 650E of the Corporations Act or the contract resulting from that acceptance becomes void);
- (vi) represented and warranted to Wah Nam Australia, as a fundamental condition of the contract resulting from your acceptance of this Offer, that at the time of your acceptance of this Offer and at the time of transfer to Wah Nam Australia:
- A. all of your FerrAus Shares are fully paid up;
  - B. Wah Nam Australia will acquire good title to and beneficial ownership of all of your FerrAus Shares free from all mortgages, charges, liens, encumbrances (whether legal or equitable), adverse interests of any nature and restrictions on transfer of any kind; and
  - C. you have full power, capacity and authority to accept the Offer and to sell your FerrAus Shares (including the legal and beneficial ownership in those FerrAus Shares);
- (vii) represented and warranted to, and agreed with Wah Nam Australia, that your FerrAus Shares in respect of which you have accepted this Offer will be purchased by Wah Nam Australia with all Rights and that you will execute all such instruments as Wah Nam Australia may require for the purpose of vesting in it any such Rights;
- (viii) represented and warranted to Wah Nam Australia that, unless you have notified Wah Nam Australia in accordance with paragraph 13.4(d), your FerrAus Shares do not consist of separate parcels of FerrAus Shares;
- (ix) agreed to indemnify Wah Nam Australia and each of its agents fully in respect of any claim, demand, action, suit or proceeding made or brought against any of them and any loss, cost, expense, damage or liability whatsoever suffered or incurred by any of them as a result of them not receiving your Holder Identification Number or Security Holder Reference Number or in consequence of the transfer of your FerrAus Shares being

registered by FerrAus without production of your Holder Identification Number or Security Holder Reference Number;

- (x) if and when the Offer or any contract resulting from your acceptance of the Offer becomes unconditional (even though Wah Nam Australia has not yet allotted the Offer Consideration due to you) and with effect from such date until registration of a transfer of your FerrAus Share to Wah Nam Australia, irrevocably appointed Wah Nam Australia and each director of, and any nominee of, Wah Nam Australia severally as your agent and attorney to:
- A. exercise all your powers and rights in relation to your FerrAus Shares, including (without limitation) powers and rights to requisition, convene, attend and vote in respect of your FerrAus Shares at all general and class meetings of FerrAus or appoint a proxy or proxies to attend and vote in the manner directed by Wah Nam Australia on your behalf in respect of your FerrAus Shares at any such meeting and to request FerrAus to register, in the name of Wah Nam Australia or its nominee, your FerrAus Shares, as appropriate, with full power of substitution;
  - B. execute all forms, notices, documents (including a document appointing a director of Wah Nam Australia as a proxy for any of your FerrAus Shares) and resolutions relating to your FerrAus Shares and generally to exercise all powers and rights which you have as the registered holder of your FerrAus Shares; and
  - C. direct FerrAus to pay to Wah Nam Australia or to account to Wah Nam Australia for all Rights attaching to your FerrAus Shares, subject however to any such Rights received by Wah Nam Australia being accounted for by Wah Nam Australia to you, in the event that the Offer is withdrawn or avoided;
- 
- (xi) agreed that the appointment in paragraph 13.7(a)(x) is being given for valuable consideration to secure the interest acquired in your FerrAus Shares and is irrevocable;
- (xii) agreed that in exercising the powers conferred by the power of attorney in paragraph 13.7(a)(x), Wah Nam Australia or its nominee is entitled to act in the interest of Wah Nam Australia as the beneficial owner and intended registered holder of your FerrAus Shares in respect of which you have accepted this Offer;
- (xiii) agreed to do all such acts, matters and things that Wah Nam Australia may require to give effect to the matters the subject of this Section 13.7 (including the execution of a written form of proxy to the same effect as Section 13.7 which complies in all respect with the requirements of the constitution of FerrAus) if requested by Wah Nam Australia;
- (xiv) if and when the Offer or any contract resulting from your acceptance of the Offer becomes unconditional (even though Wah Nam Australia has not yet allotted the Offer Consideration due to you), agreed not to attend or vote in person at any general meeting of FerrAus or to exercise or purport to exercise any of the powers conferred on Wah Nam Australia or its nominee in paragraph 13.7(a)(x);

- (xv) irrevocably authorised Wah Nam Australia to notify FerrAus on your behalf that your address for the purpose of serving notices upon you in respect of your FerrAus Shares is the address as specified by Wah Nam Australia in the notification and that all such notices are to be marked care of Wah Nam Australia and to have directed FerrAus to serve all correspondence, payments or notifications in respect of any Rights and other communications and documents whatsoever in respect of those FerrAus Shares to Wah Nam Australia at that address; and
- (xvi) if and when this Offer or any contract resulting from your acceptance of this Offer becomes unconditional (even though Wah Nam Australia has not yet allotted the Offer Consideration due to you), and your FerrAus Shares are in a CHESS Holding, authorised Wah Nam Australia to cause a message to be transmitted to ASX Settlement in accordance with Rule 14.17.1 of the ASX Settlement Operating Rules so as to transfer your FerrAus Shares to Wah Nam Australia's Takeover Transferee Holding.

(b) **Power of attorney**

If the Acceptance Form is signed under power of attorney, the attorney declares that the attorney has no notice of revocation of the power.

(c) **Validation of otherwise ineffective acceptances**

Except in relation to FerrAus Shares in a CHESS Holding, Wah Nam Australia may at any time in its absolute discretion:

- (i) treat the receipt by it of an Acceptance Form during the Offer Period (or in an envelope post-marked before the expiry of the Offer Period) as a valid acceptance notwithstanding that one or more of the other requirements for a valid acceptance have not been complied with; and
- (ii) where you have satisfied the requirements for acceptance in respect of only some of your FerrAus Shares, treat the acceptance as a valid acceptance in respect of all of your FerrAus Shares.

If Wah Nam Australia does treat such an Acceptance Form as valid, subject to Section 13.8, Wah Nam Australia will not be obliged to allot the Offer Consideration to you until Wah Nam Australia receives all those documents and all of the requirements for acceptance referred to in Section 13.5 and in the Acceptance Form have been met.

## **13.8 Allotment of Offer Consideration**

(a) **When you will receive your Offer Consideration**

Subject to this Section 13.8 and the Corporations Act, if you accept this Offer and the Conditions are satisfied or waived, Wah Nam Australia will allot the Offer Consideration that you are entitled to under the terms of this Offer on or before the earlier of:

- (i) 1 month after the date you validly accepted this Offer or, if at the time of your acceptance this Offer is subject to Conditions, within 1 month after the contract resulting from your acceptance of this Offer becomes, or is declared, unconditional; and

- (ii) 21 days after the end of the Offer Period.

**(b) Where additional documents are required**

Where the Acceptance Form requires additional documents to be given to Wah Nam Australia with your acceptance of the Offer to enable Wah Nam Australia to become the holder of your FerrAus Shares (such as a power of attorney):

- (i) if the documents are given with your acceptance, Wah Nam Australia will allot the Offer Consideration in accordance with paragraph 13.8(a) above;
- (ii) if the documents are given after acceptance and before the end of the Offer Period and the Offer is subject to the Conditions at the time that Wah Nam Australia is given the documents, Wah Nam Australia will allot the Offer Consideration by the end of whichever period ends earlier:
  - A. within 1 month after the contract resulting from your acceptance of the Offer becomes unconditional; and
  - B. 21 days after the end of the Offer Period; or
- (iii) if the documents are given after acceptance and before the end of the Offer Period and the Offer is unconditional at the time that Wah Nam Australia is given the documents, Wah Nam Australia will allot the Offer Consideration by the end of whichever period ends earlier:
  - A. 1 month after Wah Nam Australia is given the documents; and
  - B. 21 days after the end of the Offer Period; or
- (iv) if the documents are given after the end of the Offer Period, and the Offer is unconditional at that time, Wah Nam Australia will allot the Offer Consideration within 21 days after the documents are given; but if at the time Wah Nam Australia is given the documents, the Offer is still subject to the Conditions, Wah Nam Australia will allot the Offer Consideration within 21 days after the Offer becomes unconditional.

If you do not provide Wah Nam Australia with the required additional documents within 1 month after the end of the Offer Period, Wah Nam Australia may, in its sole discretion, rescind the contract resulting from your acceptance of this Offer.

**(c) Return of documents**

If the Offer does not become unconditional or any contract arising from the Offer is rescinded by Wah Nam Australia on the ground of a breach of a condition of that contract, Wah Nam Australia will, at its election, return by post to you at the address shown on the Acceptance Form any Acceptance Form and any other documents sent by you or destroy those documents and notify the ASX of this.

**(d) Where Wah Nam Australia is entitled to Rights**

If you accept this Offer and Wah Nam Australia becomes entitled to any Rights in respect of your FerrAus Shares, you must give Wah Nam Australia all documents necessary to vest title to those Rights in Wah Nam Australia. If you do not give those documents to Wah Nam Australia, or if you have received the benefit of those Rights,

Wah Nam Australia will be entitled to deduct from the Offer Consideration that you are entitled to in accordance with the terms of this Offer the amount (or an amount equal to the value, as reasonably assessed by Wah Nam Australia) of those Rights.

(e) **Clearance for offshore residents**

If, at the time of acceptance of this Offer:

(i) any authority or clearance of a public authority is required for you to receive the Offer Consideration under this Offer; or

(ii) you are a:

A. resident in, or a resident of, a place to which, or

B. person to whom,

any law of Australia that would make it unlawful for Wah Nam Australia to allot the Offer Consideration that you are entitled to under the terms of this Offer, applies,

then acceptance of this Offer will not create or transfer to you any right (contractual or contingent) to have to Offer Consideration allotted to you unless and until all requisite authorities or clearances have been obtained.

(f) **Allotment to Public Authorities**

If any amount (the **Withholding Amount**) is required, under Australian law, to be withheld from the Offer Consideration that you are entitled to under this Offer and allotted to a public authority, the allotment of the Withholding Amount to the relevant public authority by Wah Nam Australia will constitute full discharge of Wah Nam Australia's obligation to allot the Offer Consideration to you to the extent of that Withholding Amount.

(g) **Allotment of Wah Nam International Shares**

The obligation of Wah Nam Australia to cause Wah Nam International to allot any Wah Nam International Shares to which you are entitled under the Offer will be satisfied by Wah Nam International:

(i) entering your name on the register of Wah Nam International Shareholders; and

(ii) despatching or procuring the despatch to you of an uncertificated holding statement or other notice confirming issue in your name by pre-paid ordinary mail or, in the case of addresses outside Australia, by pre-paid airmail, to your address as shown on the copy register of FerrAus held and maintained by Wah Nam Australia. If your FerrAus Shares are held in a joint name, an uncertificated holding statement or notice will be issued in the name of the joint holders and forwarded to the address that appears first in the copy of the register of Wah Nam International Shareholders maintained by Wah Nam International.

### **13.9 Conditions of the Offer**

Subject to Section 13.12, this Offer and any contract that results from acceptance of this Offer is subject to the following Conditions:

(a) **Wah Nam International Shareholder approval**

The requisite majority of Wah Nam International Shareholders approving:

- (i) the acquisition by Wah Nam Australia of all of the FerrAus Shares not already owned by Wah Nam Australia on the terms as set out in Section 13.1; and
- (ii) the allotment and issue of the Consideration Shares; and

where Wah Nam Australia has announced a variation in the Offer pursuant to section 650B of the Corporations Act:

- (iii) the acquisition of FerrAus Shares by Wah Nam Australia on those varied terms, and
- (iv) the allotment and issue of the Consideration Shares,

at general meeting by poll.

(b) **Prescribed Occurrences**

Between the Announcement Date and the end of the Offer Period (each inclusive), no Prescribed Occurrence occurs.

(c) **90% minimum acceptance**

At the end of the Offer Period, Wah Nam Australia has a Relevant Interest in at least 90% of all FerrAus Shares.

(d) **No regulatory actions**

Between the Announcement Date and the end of the Offer Period (each inclusive):

- (i) there is not in effect any preliminary or final decision, order or decree issued by a Government Agency;
- (ii) no action or investigation is announced, commenced or threatened by any Government Agency; and
- (iii) no application is made to any Government Agency (other than by Wah Nam International or any of its Associates),

in consequence of or in connection with the Offer (other than an application to, or a decision or order of, ASIC or the Takeovers Panel under, or relating to a breach of, Chapter 6, 6A, 6B or 6C of the Corporations Act or relating to unacceptable circumstances within the meaning of section 657A of the Corporations Act) which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, the making of the Offer or the acquisition of FerrAus Shares under the Offer or the completion of any transaction contemplated by the Bidder's Statement, or seeks to require the

divestiture by Wah Nam Australia of any FerrAus Shares, or the divestiture of any material assets of FerrAus or the Wah Nam International Group.

(e) **No material transactions**

Between the Announcement Date and the end of the Offer Period (each inclusive), neither FerrAus nor any Subsidiary of FerrAus:

- (i) acquires, offers to acquire or agrees to acquire one or more companies or assets (or an interest in one or more companies or assets) for an amount in aggregate greater than A\$5 million or makes an announcement about such a transaction;
- (ii) disposes, offers to dispose or agrees to dispose of one or more companies or assets (or an interest in one or more companies or assets) for an amount in aggregate greater than A\$5 million or makes an announcement about such a disposal;
- (iii) enters into, offers to enter into or announces that it proposes to enter into any joint venture or partnership or dual listed company structure, involving a commitment of in aggregate greater than A\$5 million, other than in the ordinary course of business, or makes an announcement in relation to such entry, offer or agreement;
- (iv) incurs or commits to, or grants to another person a right the exercise of which would involve FerrAus incurring or committing to, any capital expenditure or liability in respect of one or more related items of in aggregate greater than A\$5 million or makes an announcement about such a commitment; or
- (v) discloses (without having disclosed to the ASX prior to the Announcement Date) the existence of any matter described in sub-paragraphs (i) to (iv) above, or announces an intention or proposal to do anything described in sub paragraphs (i) to (iv) above.

(f) **No material adverse change**

Between the Announcement Date and the end of the Offer Period (each inclusive), no event, change or condition occurs, is announced or becomes known to Wah Nam Australia (whether or not it becomes public) where that event, change or condition has had, or could reasonably be expected to have, a material adverse effect on:

- (i) the business, assets, liabilities, financial or trading position, profitability or prospects of FerrAus, since 30 June 2010;
- (ii) the status or terms of arrangements entered into by the FerrAus; or
- (iii) the status or terms of any approvals, licences or permits from Government Agencies applicable to FerrAus,

except for events, changes and conditions publicly announced by FerrAus or otherwise disclosed in public filings by FerrAus or any of its Subsidiaries prior to the Announcement Date where the relevant disclosure is not, and is not likely to be, incomplete, incorrect, untrue or misleading.

(g) **Non-existence of certain rights**

No person (other than a member of the Wah Nam International Group) has or will have any right (whether subject to conditions or not) as a result of Wah Nam Australia acquiring FerrAus Shares under the Offer to:

- (i) acquire, or require the disposal of, or require FerrAus or its Subsidiaries to offer to dispose of, any material asset of FerrAus or any of its Subsidiaries; or
- (ii) terminate, or vary the terms of performance of, any material agreement of FerrAus or any of its Subsidiaries.

(h) **No dividends or distributions**

Between the Announcement Date and the end of the Offer Period (each inclusive), neither FerrAus nor any Subsidiary of FerrAus, declares, distributes, or resolves to pay or provide any dividend, bonus or other share of its profits or assets.

(i) **No Related Party transactions**

Between the Announcement Date and the end of the Offer Period (each inclusive), FerrAus does not enter into or otherwise become a party to any transaction with a related party or related entity (as those terms are defined in the Corporations Act).

(j) **Stock Market Index Decline**

Between the Announcement Date and the end of the Offer Period (each inclusive), the S&P/ASX300 index does not fall more than 15% from the closing level of that index on the day before the Announcement Date at any time on any ASX trading day.

(k) **Exchange Rate Variation**

Between the Announcement Date and the end of the Offer Period (each inclusive), the exchange rate of A\$ to HK\$ does not appreciate more than 10% from the closing level of that rate on the day before the Announcement Date.

(l) **No incorrect or misleading filings**

Between the Announcement Date and the end of the Offer Period (each inclusive), Wah Nam Australia does not become aware through ASIC or otherwise, that any document filed by or on behalf of FerrAus with the ASX or ASIC contains a statement which is incorrect or misleading in any material particular or from which there is a material omission.

### **13.10 The nature of the Conditions**

Each of the Conditions set out in each paragraph of Section 13.9 constitutes and will be construed as a separate, several and distinct condition.

Each of the Conditions set out in each paragraph of Section 13.9 is a condition subsequent.

### **13.11 Effect of breach or non-fulfilment**

Subject to Section 13.10 above, the breach or non-fulfilment of any of the Conditions does not, until the end of the Offer Period, prevent a contract arising to acquire your FerrAus Shares resulting from your acceptance of the Offer, but if:

- (i) Wah Nam Australia has not declared the Offer to be free from the Conditions before the date applicable under section 650F(1) of the Corporations Act; and
- (ii) the Conditions have not been fulfilled at the end of the Offer Period,

all contracts resulting from acceptance of the Offer and all acceptances that have not resulted in binding contracts are void. If this occurs, Wah Nam Australia will, at its election, return by post the Acceptance Form (if any) together with all documents forwarded by you to the address shown on the Acceptance Form or destroy those documents, and notify ASX Settlement of the lapse of the Offer in accordance with Rule 14.19 of the ASX Settlement Operating Rules.

### **13.12 Freeing the Offer from the Conditions**

Subject to section 650F of the Corporations Act, Wah Nam Australia may, at any time and at its sole discretion, declare the Offer free from all Conditions (except the Condition set out in paragraph 13.9(a)) generally and in relation to any specific occurrence or any specific entity by giving notice in writing to FerrAus not less than seven days before the end of the Offer Period.

If, at the end of the Offer Period, the Conditions have not been fulfilled and Wah Nam Australia has not declared the Offer free from the Conditions, all contracts resulting from the acceptance of the Offer will be automatically void.

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### **13.13 Benefit of the Conditions**

Subject to the provisions of the Corporations Act only, Wah Nam Australia shall be entitled to the benefit of the Conditions in Section 13.9 and any non-fulfilment of such Conditions may be relied upon only by Wah Nam Australia.

### **13.14 Notice on the status of the Conditions**

The date for giving the notice on the status of the Conditions required by section 630(3) of the Corporations Act is [●], subject to variation in accordance with section 630(2) of the Corporations Act if the period during which the Offer remains open for acceptance is extended.

### **13.15 Statutory Condition**

The Offer and any contract that results from acceptance of it is subject to a Statutory Condition that:

- (i) an application is made to the HKEx for admission to quotation of the Consideration Shares within 7 days after the start of the Bid Period; and
- (ii) an application is made to the ASX for admission to quotation of all Wah Nam International Shares within 7 days after the start of the Bid Period; and

- (iii) permission for admission to quotation of the Consideration Shares on the HKEx and all Wah Nam International Shares on the ASX is granted no later than 7 days after the end of the Bid Period.

The Offer will not be freed from this Statutory Condition.

If any part of the Statutory Condition set out above is not fulfilled, any contracts that results from your acceptances of this Offer will be automatically void.

### **13.16 Benefit of Improved Offer Consideration**

If Wah Nam Australia improves the Offer Consideration the Corporations Act contains conditions to ensure that any FerrAus Shareholder who has already accepted the Offer receives the benefit of the improved Offer Consideration.

### **13.17 Withdrawal of Offer**

Wah Nam Australia may withdraw the Offer at any time with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

Subject to any conditions imposed by ASIC on its consent, where Wah Nam Australia withdraws this Offer:

- (i) this Offer, if not previously accepted, automatically becomes incapable of acceptance; and
- (ii) any contract resulting from an acceptance of this Offer before the withdrawal is automatically void.

### **13.18 Variation**

Wah Nam Australia may vary this Offer in accordance with the Corporations Act.

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### **13.19 Brokerage**

Provided that your FerrAus Shares are registered in your name and you deliver them directly to Wah Nam Australia, you will not incur any brokerage in connection with your acceptance of this Offer. If you hold your FerrAus Shares through a bank, Broker or other nominee, you should ask your bank, Broker or other nominee whether it will charge any transaction fee or service charges in connection with your acceptance of this Offer.

### **13.20 Notice and return of documents**

#### **(a) Communication given by Wah Nam Australia**

Subject to the Corporations Act, a notice or other communication given by Wah Nam Australia to you in connection with the Offer will be deemed to be duly given if it is writing and is signed or purports to be signed on behalf of Wah Nam Australia by any director of Wah Nam Australia and:

- (i) is delivered at your address as recorded in the register of FerrAus Shareholders or the address shown on the Acceptance Form; or
- (ii) is sent by prepaid ordinary post, or in the case of any address outside Australia, by prepaid airmail, to you at either of those addresses.

**(b) Return of Acceptance Form**

If:

- (i) this Offer is withdrawn after your Acceptance Form has been sent to Wah Nam Australia, but before it has been received; or
- (ii) for any other reason Wah Nam Australia does not acquire the FerrAus Shares to which your Acceptance Form relates,

Wah Nam Australia will either despatch at your risk your Acceptance Form together with all other documents forwarded by you to your address as shown on the Acceptance Form or such other address as you may notify in writing to Wah Nam Australia by, where such address is inside Australia, prepaid ordinary post, or where such address is outside Australia, prepaid airmail or destroy those documents and notify the ASX of this.

**(c) Notice given by you**

A notice to be given to Wah Nam Australia by you in connection with the Offer will be deemed to be duly given to Wah Nam Australia if it is in writing and is delivered to them or sent to them by post to Wah Nam Australia (or other means provided for in this Bidder's Statement) to the following address:

Wah Nam International Australia Pty Ltd  
C/O Computershare Investor Services Pty Limited  
Reserve Bank Building  
Level 2, 45 St George's Terrace  
Perth, Western Australia, 6000 Australia

**13.21 Governing Law**

This Offer and any contract that results from your acceptance of this Offer are governed by the laws in force in Western Australia.

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## 14. Definitions and Interpretation

In this Bidder's Statement (including its annexures), unless the context otherwise requires:

|  |   |
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| <b>ACCC</b>                                  | Australian Competition and Consumer Commission  |
| <b>Acceptance Form</b>                       | the form of acceptance and transfer accompanying this Offer   |
| <b>Announcement Date</b>                     | being the day the Offer was announced, being 10 November 2010   |
| <b>ASIC</b>                                  | Australian Securities and Investments Commission  |
| <b>Associate</b>                             | has the meaning given in section 12 of the Corporations Act, and in Section 12.2 the meaning given in the HK Listing Rules  |
| <b>ASX</b>                                   | ASX Limited ACN 008 624 691, or the financial products market, the Australian Securities Exchange, as the situation requires  |
| <b>ASX Listing Rules</b>                     | the official listing rules of the ASX, as amended from time to time   |
| <b>ASX Settlement</b>                        | ASX Settlement Pty Ltd ACN 008 504 532  |
| <b>ASX Settlement Operating Rules</b>        | the operating rules of ASX Settlement   |
| <b>Australian Registrar</b>                  | Computershare Investor Services Pty Limited ACN 078 279 277   |
| <b>Australian Share Register</b>             | the share register in Australia, comprising the CHESSE Subregister and the Issuer Sponsored Subregister, which is maintained on behalf of Wah Nam International by the Australian Registrar |
| <b>Australian Share Register Alternative</b> | the acceptance alternative whereby FerrAus Shareholders can choose to receive Wah Nam International Shares registered on the Australian Share Register                                      |
| <b>BDO Corporate Finance</b>                 | BDO Corporate Finance (WA) Pty Ltd ACN 124 031 045  |
| <b>Behre Dolbear</b>                         | Behre Dolbear Asia, Inc   |
| <b>BHP</b>                                   | BHP Billiton Limited ACN 004 028 077  |
| <b>Bid Period</b>                            | the period that starts when the Original Bidder's Statement was given to FerrAus and ends at the end of the Offer Period  |
| <b>Bidder's Statement</b>                    | this bidder's statement   |
| <b>BMA</b>                                   | Bermuda Monetary Authority  |
| <b>Brockman Resources</b>                    | Brockman Resources Limited ACN 009 372 150  |
| <b>Brockman Resources</b>                    | a bidder's statement issued by Wah Nam  |

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|--|---|
| <b>Bidder's Statement</b>                      | Australia which includes the Brockman Resources Offer   |
| <b>Brockman Resources Consideration Shares</b> | Wah Nam International Shares to be issued to Brockman Resources Shareholders who accept the Brockman Resources Offer                              |
| <b>Brockman Resources Offer</b>                | the offer by Wah Nam Australia to acquire all of the Brockman Resources Shares on the terms set out in the Brockman Resources Bidder's Statement  |
| <b>Brockman Resources Offer Period</b>         | the offer period set out in the Brockman Resources Bidder's Statement, or such later date to which the Brockman Resources Offer has been extended |
| <b>Brockman Resources Share</b>                | a fully paid ordinary share in Brockman Resources, and all Rights attaching to that share   |
| <b>Brockman Resources Shareholder</b>          | a holder of Brockman Resources Shares who is able to accept the Brockman Resources Offer  |
| <b>Broker</b>                                  | a person who is a share broker and a participant under the ASX Settlement Operating Rules   |
| <b>Business Day</b>                            | has the meaning given in the HKEx Listing Rules or the ASX Listing Rules, as the case requires  |
| <b>Bye-laws</b>                                | Wah Nam International's constitution as amended from time to time   |
| <b>Capital Investment Partners</b>             | Capital Investment Partners Pty Ltd ACN 110 468-589   |
| <b>CCASS</b>                                   | the Central Clearing and Settlement System established and operated by the HKSCC  |
| <b>CCASS Participant</b>                       | a person admitted to participate in CCASS   |
| <b>CCASS Rules</b>                             | the general rules of CCASS and the CCASS operational procedures   |
| <b>CGT</b>                                     | Capital Gains Tax   |
| <b>CHESS</b>                                   | Clearing House Electronic Sub register System which provides for electronic share transfers in Australia  |
| <b>CHESS Holding</b>                           | has the meaning given to it in the ASX Settlement Operating Rules   |
| <b>Combined Group</b>                          | the Wah Nam International Group following its acquisition of all or a majority of the FerrAus Shares and/or Brockman Resources Shares             |
| <b>Companies Act</b>                           | the Companies Act 1981 of Bermuda   |
| <b>Conditions</b>                              | the conditions set out in Section 13.9  |
| <b>Consideration Shares</b>                    | Wah Nam International Shares to be issued to FerrAus Shareholders who accept the Offer  |
| <b>Controlling Participant</b>                 | a Broker or Participant who is designated as the controlling participant for shares in a  |

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|   | CHES Holding in accordance with the ASX Settlement Operating Rules   |
| <b>Convertible Securities</b>               | any securities which confer on the holder the right to have FerrAus Shares issued to them  |
| <b>Corporations Act</b>                     | the Corporations Act 2001 (Cth)  |
| <b>Damajianshan Mine</b>                    | the Damajianshan copper polymetallic mine in Luchun County, Yunnan Province, PRC   |
| <b>FATA</b>                                 | Foreign Acquisitions and Takeovers Act 1975 (Cth)  |
| <b>FerrAus</b>                              | FerrAus Limited ACN 097 422 529  |
| <b>FerrAus Pilbara Project</b>              | has the meaning given in Section 5.3(a)  |
| <b>FerrAus Share</b>                        | a fully paid ordinary share in FerrAus, and all Rights attaching to that share   |
| <b>FerrAus Shareholder</b>                  | a holder of FerrAus Shares who is able to accept the Offer   |
| <b>FIRB</b>                                 | Foreign Investment Review Board  |
| <b>FMG</b>                                  | Fortescue Metals Group Limited ACN 002 594 872   |
| <b>FP2010</b>                               | the financial period beginning on 1 January 2010 and ending on 30 June 2010  |
| <b>FY2008</b>                               | the financial year ended 31 December 2008  |
| <b>FY2009</b>                               | the financial year ended 31 December 2009  |
| <b>Government Agency</b>                    | any government or governmental, semi governmental, administrative, fiscal, regulatory or judicial body, department, commission, authority, office, instrumentality, tribunal, agency, delegate, organisation or entity, or any minister of the crown |
| <b>GST</b>                                  | goods and services tax   |
| <b>HKEx</b>                                 | Hong Kong Exchanges and Clearing Company Limited or the financial products market or the Hong Kong Exchange, as the situation requires   |
| <b>HKEx Listing Rules</b>                   | the rules governing the listing of securities on the HKEx, as amended from time to time  |
| <b>HKSCC</b>                                | The Hong Kong Securities Clearing Company Limited  |
| <b>Hong Kong Registrar</b>                  | Tricor Secretaries Limited   |
| <b>Hong Kong Share Register</b>             | the share register in Hong Kong, which is maintained on behalf of Wah Nam International by the Hong Kong Registrar   |
| <b>Hong Kong Share Register Alternative</b> | the acceptance alternative whereby FerrAus Shareholders can choose to receive Wah Nam International Shares registered on the Hong Kong Share Register.   |
| <b>Implied Offer Value</b>                  | is the value of the Offer Consideration based on the VWAP of Wah Nam International   |

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|  | Shares on the HKEx during the 2 full trading days of 8 November 2010 and 9 November 2010  |
| <b>Independent Technical Report</b>    | The report set out in Section 10 of this Bidder's Statement   |
| <b>Ineligible Overseas Shareholder</b> | FerrAus Shareholders whose address on the FerrAus share register on the Register Date is in a jurisdiction other than Australia and its external territories, New Zealand, Singapore or Hong Kong provided that in relation to Hong Kong, Wah Nam Australia is able to rely on an exemption from the need to prepare and publish a prospectus under Hong Kong laws, which will be the case if there are no more than 50 FerrAus Shareholders whose address as shown in the FerrAus share register is in Hong Kong |
| <b>IPO</b>                             | an initial public offer made pursuant to the Prospectus   |
| <b>JORC Code</b>                       | the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (4th Edition)  |
| <b>Luchun Xingtai Mineral Resource</b> | Luchun Xingtai Mining Company Limited has the meaning given in the JORC Code  |
| <b>MRRT</b>                            | Mineral Resource Rent Tax   |
| <b>Nominee</b>                         | a nominee appointed by Wah Nam Australia and approved by ASIC for the purposes of s619(3) of the Corporations Act and Section 13.6 of the Offer   |
| <b>NWIOA Offer</b>                     | North West Iron Ore Alliance<br>the offer by Wah Nam Australia to acquire FerrAus Shares on the terms set out in Section 13 and pursuant to this Bidder's Statement   |
| <b>Offer Consideration</b>             | 6 Wah Nam International Shares for every FerrAus Share held   |
| <b>Offer Period</b>                    | the period commencing on [●] and ending on [●], or such later date to which the Offer has been extended   |
| <b>Ore Reserve</b>                     | has the meaning given in the JORC Code  |
| <b>Participant</b>                     | a non-broker participant under the ASX Settlement Operating Rules   |
| <b>Placement Mandate</b>               | has the meaning given in Section 3.12   |
| <b>Placement Shares</b>                | up to 600 million Wah Nam International Shares issued pursuant to the Placement Mandate   |
| <b>PRC</b>                             | The People's Republic of China  |
| <b>Pre-Announcement Price</b>          | the closing price of FerrAus Shares on the ASX on 9 November 2010, being the trading day prior to the announcement of the Offer on  |

**Prescribed Occurrence**

the Announcement Date

any of the following events:

- (a) FerrAus converts all or any of its shares into a larger or smaller number of shares;
- (b) FerrAus or a Subsidiary of FerrAus resolves to reduce its capital in any way;
- (c) FerrAus or a Subsidiary of FerrAus:
  - (i) enters into a buy-back agreement; or
  - (ii) resolves to approve the terms of a buy-back agreement under subsection 257C(1) or 257D(1) of the Corporations Act;
- (d) FerrAus or a Subsidiary of FerrAus issues shares, or grants an option over its shares, or agrees to make such an issue or grant such an option;
- (e) FerrAus or a Subsidiary of FerrAus issues, or agrees to issue, convertible notes;
- (f) FerrAus or a Subsidiary of FerrAus disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (g) FerrAus or a Subsidiary of FerrAus charges, or agrees to charge the whole, or a substantial part, of its business or property;
- (h) FerrAus or a Subsidiary of FerrAus resolves to be wound up;
- (i) a liquidator or provisional liquidator of FerrAus or of a Subsidiary of FerrAus is appointed;
- (j) a court makes an order for the winding up of FerrAus or of a Subsidiary of FerrAus;
- (k) an administrator of FerrAus or of a Subsidiary of FerrAus is appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) FerrAus or a Subsidiary of FerrAus executes a deed of company arrangement; or
- (m) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of FerrAus or of a Subsidiary of FerrAus

|   |   |
|---|---|
| <b>PricewaterhouseCoopers Australia</b> | PricewaterhouseCoopers, an Australian partnership whose registered office is Freshwater Place, 2 Southbank Boulevard, Southbank, Victoria, 3006, Australia  |
| <b>PricewaterhouseCoopers Hong Kong</b> | PricewaterhouseCoopers, a Hong Kong partnership whose registered office is at 22nd floor Prince's Building Central, Hong Kong   |
| <b>Projects</b>                         | means the projects set out in Section 5.3 and/or Section 6.5  |
| <b>Prospectus</b>                       | a prospectus issued by Wah Nam International and lodged with ASIC on 11 November 2010   |
| <b>Register Date</b>                    | has the meaning given in paragraph 13.1(b)(i)   |
| <b>Related Party</b>                    | has the meaning given in Chapter 2E of the Corporations Act   |
| <b>Relevant Interest</b>                | has the meaning given in section 608 of the Corporations Act  |
| <b>Rights</b>                           | all accretions to and rights attaching to the relevant FerrAus Shares or Brockman Resources Shares, as the case requires, at or after the date of this Bidder's Statement or in the case of Brockman Resources Shares, the Brockman Resources Bidder's Statement (including, but not limited to, all dividends and all rights to receive dividends and to receive and subscribe for shares, notes or options declared, paid or issued by FerrAus or Brockman Resources) |
| <b>SFC</b>                              | the Securities and Futures Commission of Hong Kong  |
| <b>Share Option Scheme</b>              | has the meaning given in Section 12.2   |
| <b>Smart Year</b>                       | Smart Year Investments Limited, a company incorporated in the British Virgin Islands  |
| <b>Statutory Condition</b>              | has the meaning given in Section 13.15  |
| <b>Subsidiary</b>                       | has the meaning set out in Division 6 of Part 1.2 of the Corporations Act   |
| <b>Takeovers Code</b>                   | The Code on Takeovers and Mergers issued by the SFC (June 2010)   |
| <b>Takeover Transferee Holding</b>      | has the meaning given to it in the ASX Settlement Operating Rules   |
| <b>Tricor</b>                           | Tricor Secretaries Limited  |
| <b>VALMIN Code</b>                      | the code for the technical assessment and valuation of mineral and petroleum assets and securities for independent expert reports   |
| <b>Voting Power</b>                     | has the meaning given in Section 610 of the Corporations Act  |
| <b>VWAP</b>                             | volume weighted average price   |

|   |  |
|---|--|
| <b>Wah Nam Australia</b>                                      | Wah Nam International Australia Pty Ltd ACN 134 696 727  |
| <b>Wah Nam International</b>                                  | Wah Nam International Holdings Limited ARBN 143 211 867, a company incorporated in Bermuda and listed on The Stock Exchange of Hong Kong (Stock Code 159)    |
| <b>Wah Nam International-Brockman Resources-FerrAus Group</b> | the Wah Nam International Group following its acquisition of all or a majority of both Brockman Resources Shares and FerrAus Shares                          |
| <b>Wah Nam International - Brockman Resources - Group</b>     | the Wah Nam International Group following its acquisition of all or a majority of the Brockman Resources Shares but not gaining effective control of FerrAus |
| <b>Wah Nam International - FerrAus - Group</b>                | the Wah Nam International Group following its acquisition of all or a majority of the FerrAus Shares but not gaining effective control of Brockman Resources |
| <b>Wah Nam International Group</b>                            | Wah Nam International and each of its Subsidiaries   |
| <b>Wah Nam International Option</b>                           | an option offered pursuant to the Prospectus attaching to every Wah Nam International Share subscribed for   |
| <b>Wah Nam International Scheme Option</b>                    | an option issued on the terms set out in Section 4.8   |
| <b>Wah Nam International Share</b>                            | an ordinary fully paid share in the share capital of Wah Nam International   |
| <b>Wah Nam International Shareholder</b>                      | the holder of a Wah Nam International Share  |
| <b>Withholding Amount</b>                                     | has the meaning given to it in paragraph 13.8(f)   |
| <b>WST</b>  | Australian Western Standard Time   |

Words and phrases have the same meaning (if any) as given to them by the Corporations Act.

Words importing one gender include other genders.

Words (including defined terms) importing the plural include the singular and vice versa.

A reference to a person includes a reference to a corporation.

Headings are for ease of reference only and do not affect the interpretation of this Bidder's Statement.

Reference to Sections are to Sections of this Bidder's Statement.

Annexures and appendices to this Bidder's Statement form part of this Bidder's Statement.

All references to time in this Bidder's Statement are to Australian Western Standard Time (WST) unless expressly specified otherwise.

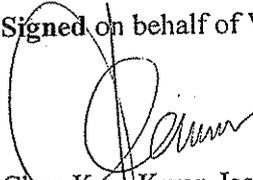
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**15. Approval of Bidder's Statement**

The copy of this Bidder's Statement to be lodged with the ASIC has been approved by a resolution of the directors of Wah Nam Australia.

Dated: *6* December 2010

Signed on behalf of Wah Nam International Australia Pty Ltd



Chan Kam Kwan Jason

Director  
Wah Nam International Australia Pty Ltd

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**Appendix 1**  
**Australian Announcement**  
**Announcement to the HKEx**

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華南

華南投資控股有限公司  
WAH NAM INTERNATIONAL HOLDINGS LIMITED  
(於百慕達註冊成立之有限公司)  
Incorporated in Bermuda with Limited Liability

香港聯合交易所上市公司股票號碼: 0159  
SEHK Stock Code: 0159

10 November 2010

**Wah Nam International Holdings Limited Announces Takeover Offer  
for FerrAus Limited (FerrAus)**

Wah Nam International Holdings Limited ARBN 143 211 867 (Wah Nam) today announces its intention to make an off-market takeover offer, through its wholly owned subsidiary, Wah Nam International Australia Pty Ltd ACN 134 696 727 (Wah Nam Australia), for all of the ordinary fully paid shares in FerrAus Limited ACN 097 422 529 (FerrAus Share) that it does not already own (the Offer).

Wah Nam has also today announced an intention to make an off-market takeover offer, through Wah Nam Australia, for all of the ordinary fully paid shares in Brockman Resources Limited ACN 009 372 150 (ASX: BRM) (Brockman Resources) that it does not already own.

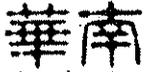
Wah Nam is a limited liability company incorporated in Bermuda and listed on the Hong Kong Stock Exchange (HKEx) (Stock code: 159).

FerrAus is a limited liability company incorporated in Australia and listed on the Australian Securities Exchange (ASX: FRS).

The all scrip Offer is based on 6 Wah Nam ordinary fully paid shares (Wah Nam Share) for every 1 FerrAus Share.

Total consideration payable by Wah Nam under the Offer, assuming 100% acceptance (including all FerrAus option holders exercising their options and accepting the Offer), would be approximately 1,033,748,940 Wah Nam Shares.





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香港聯合交易所上市公司股票代碼: 0169  
SEHK Stock Code: 0169

The Offer equates to a value of approximately A\$1.29 per FerrAus Share based on the VWAP of Wah Nam Shares on the HKEx during the 2 full trading days of 8 November 2010 and 9 November 2010 and an Australian dollar/Hong Kong dollar exchange rate of 7.82 (at close of trade in Hong Kong on 9 November 2010).

The Offer is subject to conditions which are set out in the Annexure to this announcement.

Wah Nam is currently entitled to a:

- 19.90% relevant interest in FerrAus; and
- 22.63% relevant interest in Brockman Resources.

#### Benefits to FerrAus shareholders

Wah Nam Australia believes the Offer is compelling to FerrAus shareholders for the following key reasons:

- FerrAus shareholders are being offered a substantial and attractive premium to the closing price of FerrAus Shares on the ASX on 9 November 2010, being the trading day prior to this announcement, and VWAP of FerrAus Shares on the ASX across a broad range of time periods, namely:
  - a 44.4% premium to the VWAP for the 180 days to 9 November 2010 (the last trading day before the date of this announcement);
  - a 59.9% premium to the VWAP for the 90 days to 9 November 2010;
  - a 62.3% premium to the VWAP for the 60 days to 9 November 2010;
  - a 63.2% premium to the VWAP for the 30 days to 9 November 2010; and
  - a 52.2% premium to the closing price of FerrAus Shares on 9 November 2010.
- As a Wah Nam shareholder, FerrAus shareholders may benefit from the Wah Nam group's ability to attract financing for the FerrAus Pilbara Project.
- FerrAus shareholders will become shareholders in Wah Nam. If the Offer is successful, to Wah Nam's knowledge, it will become the only HKEx listed company developing a significant Australian hematite iron ore deposit.
- If the Offer is successful, Wah Nam Shares will be listed on the ASX in addition to its listing on the HKEx.

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### About Wah Nam

Wah Nam, through its subsidiaries, is principally engaged in:

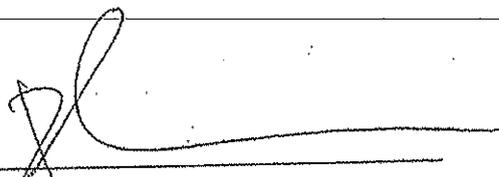
- the exploitation, processing and sale of mineral resources, including copper, zinc and lead ore concentrates in the PRC;
- the provision of limousine rental and airport shuttle bus transportation services in Hong Kong and the PRC; and
- the investment of funds in equity securities.

Further information about Wah Nam can be found on its website [www.wnintl.com](http://www.wnintl.com).

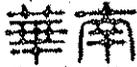
Wah Nam is in the process of preparing a formal bidder's statement and will lodge that document with the ASX, ASIC and FerrAus as soon as practicable.

OSK Capital Hong Kong Limited is acting as Hong Kong corporate adviser, Capital Investment Partners is acting as Australian corporate adviser and Clayton Utz is acting as legal adviser to Wah Nam in relation to the Offer.

Yours faithfully,



**Luk Kin Peter Joseph**  
**Chairman – Wah Nam International Holdings Limited**



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## Annexure - Conditions of the Offer

### Defeating Conditions

The Offer will be subject to the following defeating conditions:

#### (a) Wah Nam shareholder approval

The requisite majority of Wah Nam shareholders approving:

- (i) the acquisition by Wah Nam Australia of all of the FerrAus Shares not already owned by Wah Nam Australia; and
- (ii) the allotment and issue of the consideration Wah Nam Shares; and

where Wah Nam Australia has announced a variation in the Offer pursuant to section 650B of the Corporations Act:

- (iii) the acquisition of FerrAus Shares by Wah Nam Australia on those varied terms, and
- (iv) the allotment and issue of the consideration Wah Nam Shares,

at general meeting by poll.

#### (b) Prescribed Occurrences

Between the date of this announcement and the end of the offer period (each inclusive), no prescribed occurrence (the events listed in sub sections 652C (1) and (2) of the Corporations Act) occurs.

#### (c) 90% minimum acceptance

At the end of the offer period, Wah Nam Australia has a relevant interest in at least 90% of all FerrAus Shares.

#### (d) No regulatory actions

Between the date of this announcement and the end of the offer period (each inclusive):

- (i) there is not in effect any preliminary or final decision, order or decree issued by a government agency;
- (ii) no action or investigation is announced, commenced or threatened by any government agency; and
- (iii) no application is made to any government agency (other than by Wah Nam or any of its associates),

in consequence of or in connection with the Offer (other than an application to, or a decision or order of, ASIC or the Takeovers Panel under, or relating to a breach of, Chapter 6, 6A, 6B or 6C of the Corporations Act or relating to unacceptable circumstances within the meaning of section 657A of the Corporations Act) which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, the making of the Offer or the acquisition of FerrAus Shares under the Offer or the completion of any transaction contemplated by the bidder's statement, or seeks to require the divestiture by Wah Nam Australia of any FerrAus Shares, or the divestiture of any material assets of FerrAus or the Wah Nam group.

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**(e) No material transactions**

Between the date of this announcement and the end of the offer period (each inclusive), neither FerrAus nor any subsidiary of FerrAus:

- (i) acquires, offers to acquire or agrees to acquire one or more companies or assets (or an interest in one or more companies or assets) for an amount in aggregate greater than A\$5 million or makes an announcement about such a transaction;
- (ii) disposes, offers to dispose or agrees to dispose of one or more companies or assets (or an interest in one or more companies or assets) for an amount in aggregate greater than A\$5 million or makes an announcement about such a disposal;
- (iii) enters into, offers to enter into or announces that it proposes to enter into any joint venture or partnership or dual listed company structure, involving a commitment of in aggregate greater than A\$5 million, other than in the ordinary course of business, or makes an announcement in relation to such entry, offer or agreement;
- (iv) incurs or commits to, or grants to another person a right the exercise of which would involve FerrAus incurring or committing to, any capital expenditure or liability in respect of one or more related items of in aggregate greater than A\$5 million or makes an announcement about such a commitment; or
- (v) discloses (without having disclosed to the ASX prior to the date of this announcement) the existence of any matter described in sub-paragraphs (i) to (iv) above, or announces an intention or proposal to do anything described in sub paragraphs (i) to (iv) above.

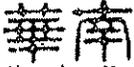
**(f) No material adverse change**

Between the date of this announcement and the end of the offer period (each inclusive), no event, change or condition occurs, is announced or becomes known to Wah Nam Australia (whether or not it becomes public) where that event, change or condition has had, or could reasonably be expected to have, a material adverse effect on:

- (i) the business, assets, liabilities, financial or trading position, profitability or prospects of FerrAus, since 30 June 2010;
- (ii) the status or terms of arrangements entered into by FerrAus; or
- (iii) the status or terms of any approvals, licences or permits from government agencies applicable to FerrAus,

except for events, changes and conditions publicly announced by FerrAus or otherwise disclosed in public filings by FerrAus or any of its subsidiaries prior to the date of this announcement where the relevant disclosure is not, and is not likely to be, incomplete, incorrect, untrue or misleading.





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**(g) Non-existence of certain rights**

No person (other than a member of the Wah Nam group) has or will have any right (whether subject to conditions or not) as a result of Wah Nam Australia acquiring FerrAus Shares under the Offer to:

- (i) acquire, or require the disposal of, or require FerrAus or its subsidiaries to offer to dispose of, any material asset of FerrAus or any of its subsidiaries; or
- (ii) terminate, or vary the terms of performance of, any material agreement of FerrAus or any of its subsidiaries.

**(h) No dividends or distributions**

Between the date of this announcement and the end of the offer period (each inclusive), neither FerrAus nor any subsidiary of FerrAus, declares, distributes, or resolves to pay or provide any dividend, bonus or other share of its profits or assets.

**(i) No related party transactions**

Between the date of this announcement and the end of the offer period (each inclusive), FerrAus does not enter into or otherwise become a party to any transaction with a related party or related entity.

**(j) Stock Market Index Decline**

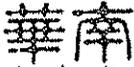
Between the date of this announcement and the end of the offer period (each inclusive), the S&P/ASX300 index does not fall more than 15% from the closing level of that index on the day before the date of this announcement at any time on any ASX trading day.

**(k) Exchange Rate Variation**

Between the date of this announcement and the end of the offer period (each inclusive), the exchange rate of A\$ to HK\$ does not appreciate more than 10% from the closing level of that rate on the day before this date of the announcement.

**(l) No incorrect or misleading filings**

Between the date of this announcement and the end of the offer period (each inclusive), Wah Nam Australia does not become aware through ASIC or otherwise, that any document filed by or on behalf of FerrAus with the ASX or ASIC contains a statement which is incorrect or misleading in any material particular or from which there is a material omission.



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### Statutory Condition

The Offer and any contract that results from acceptance of it is subject to a statutory condition that:

- (i) an application is made to the HKEx for admission to quotation of the consideration Wah Nam Shares within 7 days after the start of the bid period; and
- (ii) an application is made to the ASX for admission to quotation of all Wah Nam Shares within 7 days after the start of the bid period; and
- (iii) permission for admission to quotation of the consideration Wah Nam Shares on the HKEx and all Wah Nam Shares on the ASX is granted no later than 7 days after the end of the bid period.

The Offer will not be freed from this statutory condition.

### Definitions for the purposes of this Annexure

Words used in this announcement that are defined in the Corporations Act 2001 (Cth) have the meaning given by the Corporations Act 2001 (Cth).