

12 December 2011

## RECOMMENDED TAKEOVER OFFER FOR BROCKMAN RESOURCES LIMITED

- Proposed takeover offer by majority shareholder Wah Nam to acquire the remaining Brockman shares it does not already own
- Offer is A\$1.50 cash and 18 Wah Nam shares, being an implied Offer price of A\$3.03, for each Brockman share
- Brockman's Independent Directors unanimously recommend Brockman shareholders **ACCEPT** the Wah Nam Offer, in the absence of a superior proposal for Brockman, subject only to the independent expert concluding that the Wah Nam Offer is fair and reasonable to Brockman shareholders
- Offer will simplify the current shareholder structure by consolidating all shareholdings into Wah Nam
- Consolidation should improve funding options to develop Brockman's Marillana iron ore project
- Offer provides immediate value certainty via the A\$1.50 cash component as well as exposure to the potential upside of the Marillana iron ore project via the 18 Wah Nam shares scrip component

Brockman Resources Limited ("**Brockman**") (ASX: BRM) and Wah Nam International Holdings Limited ("**Wah Nam**") (HKEx: 0159, ASX: WNI) are pleased to announce that they have entered into a Bid Implementation Agreement ("**BIA**"), pursuant to which Wah Nam International Australia Pty Ltd ("**Wah Nam Australia**"), a wholly owned subsidiary of Wah Nam, intends to make a conditional off-market takeover offer for the remaining shares in Brockman that it does not already own ("**Wah Nam Offer**" or the "**Offer**").

Wah Nam Australia currently owns 55.33% of Brockman's shares on issue. A copy of the BIA will be separately announced on the ASX.

The Brockman independent directors (namely Brockman Joint Deputy Chairman Mr Ross Norgard, Brockman Non Executive Director Mr David (Michael) Spratt and Brockman Interim Chief Executive Officer Mr Colin Paterson, being those Brockman directors who are not nominees of, nor suggested to Brockman by, Wah Nam (the "**Independent Directors**")), unanimously recommend that Brockman shareholders **ACCEPT** Wah Nam's Offer in the absence of a superior proposal and subject only to the independent expert concluding that the Offer is fair and reasonable.

The Independent Directors, in the absence of a superior proposal and subject only to the independent expert concluding that the Wah Nam Offer is fair and reasonable, intend to accept the Wah Nam Offer made in respect of any Brockman shares they own or control, (representing 11.35% of Brockman shares currently on issue), no later than 2 days after the satisfaction of the conditions of the Wah Nam Offer set out in paragraphs (a), (b), (c) and (d) of Annexure 1.

### Wah Nam Offer Details

The Wah Nam Offer comprises:

- A\$1.50 in cash; AND
- 18 Wah Nam shares (“**Wah Nam Shares**”)

for every 1 (one) share in Brockman (“**Brockman Share**”).

The implied value of the Wah Nam Offer is:

- ~A\$3.15, based on the 90 calendar day VWAP<sup>1</sup> of Wah Nam shares to 9 December 2011, representing a premium of ~A\$1.17 per Brockman Share or ~59% when compared to the 90 calendar day VWAP of Brockman's shares to 9 December 2011.
- ~A\$2.92, based on the 30 calendar day VWAP<sup>1</sup> of Wah Nam shares to 9 December 2011, representing a premium of ~A\$0.80 per Brockman Share or ~38% when compared to the 30 calendar day VWAP of Brockman's shares to 9 December 2011.
- ~A\$3.03<sup>2</sup>, based on the last closing price of Wah Nam shares on 9 December 2011, representing a premium of ~A\$0.77 per Brockman Share or ~34% when compared to the last closing price of Brockman's shares on 9 December 2011.

### Rationale for recommendation

Both Brockman and Wah Nam recognise the benefits that will result from Wah Nam Australia acquiring the remaining shares it does not already own.

Brockman Joint Deputy Chairman, Ross Norgard said “The Independent Directors believe the Wah Nam Offer is in the best interests of Brockman shareholders, providing an attractive premium over recent trading levels and allowing our shareholders to realise value through the receipt of cash, as well as retaining exposure to the upside potential from the world-class Marillana iron ore project. Based on the Wah Nam VWAP for the past 90 days, the Offer values all of the equity in Brockman at approximately A\$456 million and provides Brockman minority shareholders with a premium of 59%.”

Brockman Interim Chief Executive Officer, Colin Paterson said “With Wah Nam Australia already a majority shareholder with a 55.33% interest in Brockman, the Wah Nam Offer makes strategic sense. If Brockman shareholders support the Wah Nam Offer and it succeeds, the consolidated shareholding structure should improve the ability to secure funding for the Marillana iron ore project.”

Wah Nam Chairman, Peter Luk said “This transaction is a major step toward realising the future value of the Marillana Project for the shareholders of both Brockman and Wah Nam. Brockman shareholders are able to crystallise some of the value in their investment now, but importantly they are able to participate in the on-going development of the Marillana iron ore project under a simplified ownership structure with unified management and development strategies.”

<sup>1</sup> VWAP calculated by converting the daily value of Wah Nam shares on the HKEx traded to A\$ using the respective daily A\$:HK\$ exchange rate

<sup>2</sup> Calculated based on Wah Nam's closing share price on the HKEx of HK\$0.67 on 9 December 2011, converted to A\$ using A\$:HK\$ exchange rate of 7.8825 as at 9 December 2011

The key reasons for the Independent Directors' unanimous recommendation to accept the Wah Nam Offer are that the Offer:

- (i) represents an attractive premium to recent trading levels of Brockman Shares and should provide a more liquid investment.
- (ii) will simplify the current shareholder structure by consolidating all shareholdings into Wah Nam. Consolidation should improve funding options to develop Brockman's Marillana iron ore project.
- (iii) provides immediate value certainty via the A\$1.50 cash component as well as exposure to the potential upside of Brockman's Marillana iron ore project via the 18 Wah Nam Shares scrip component.

Following consideration of the strategic alternatives available to Brockman, the Independent Directors concluded that Wah Nam's Offer represents the best opportunity for Brockman shareholders to maximise the value of their investment.

#### **Offer conditions**

The Wah Nam Offer is subject to the conditions set out in Annexure 1. Further detailed information relating to the Offer will be provided in the Bidder's Statement and the Target's Statement which incorporates the Independent Expert's Report.

As set out in the condition in paragraph (b) of Annexure 1, the Offer is subject to Wah Nam shareholder approval. The Wah Nam shareholder meeting to vote on the shareholder resolutions is scheduled to be held on or around 6 January 2012.

#### **Financing**

Wah Nam Australia will fund the cash consideration payable under the Offer using a combination of:

- existing cash resources;
- the proceeds from the issue of the Wah Nam Shares ("**Subscription Shares**") and the issue of a convertible bond ("**Convertible Bond**") to Ocean Line Holdings Limited and its associates (as that term is defined in the listing rules of the Hong Kong Stock Exchange ("**HKEx**")) ("**Ocean Line**") under a subscription agreement between Ocean Line and Wah Nam dated 12 December 2011 ("**Subscription Agreement**"); and
- the proceeds from the issue of Wah Nam Shares ("**Placement Shares**") to placees procured, on a fully underwritten basis, by REORIENT Financial Markets Limited under an underwriting agreement between REORIENT Financial Markets Limited and Wah Nam dated 12 December 2011 ("**Underwriting Agreement**").

Shareholder approval is required to approve the Subscription Agreement and the transactions contemplated under it, including the allotment and issue of the Subscription Shares and the issue of the Convertible Bond. Shareholder approval is also required to approve the Underwriting Agreement and the transactions contemplated under it, including the allotment and issue of the Placement Shares.

The issue of the Subscription Shares will raise ~HK\$333 million (~A\$42 million<sup>3</sup>) from the issue of 555.1 million Wah Nam Shares at HK\$0.60 per Wah Nam Share to Ocean Line. The issue of the Convertible Bond will raise ~HK\$174 million (~A\$22 million<sup>3</sup>). The issue of the Placement Shares will raise ~HK\$78 million (~A\$10 million<sup>3</sup>) from the issue of 130.0 million Wah Nam Shares at HK\$0.60 per Wah Nam Share. Wah Nam currently holds unrestricted cash equivalent to ~A\$33 million, which is uncommitted and will be available to fund the Offer.

Ocean Line is one of Wah Nam's substantial shareholders, with a shareholding of ~6% of Wah Nam shares currently on issue.

#### Indicative timetable

The indicative timetable in relation to the Offer is set out below:

12 December 2011	Announcement of the Offer
13 December 2011	Wah Nam Australia lodges its Bidder's Statement with ASIC and ASX and serves it on Brockman
14 December 2011	Brockman lodges its Target's Statement (including the Independent Expert's Report) with ASIC and ASX and serves it on Wah Nam Australia
19 December 2011	Despatch of Bidder's Statement to Brockman shareholders
19 December 2011	Despatch of Target's Statement to Brockman shareholders
19 December 2011	Offer opens
20 January 2012	Offer closes (unless extended)

Brockman's financial adviser is UBS AG, Australia Branch, with legal advice being provided by Freehills.

Wah Nam is advised by E.L. & C. Baillieu and REORIENT Financial Markets Limited, with legal advice being provided by Clayton Utz.

#### For further information, please contact:

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#### ABOUT BROCKMAN

Brockman is an ASX300 listed Company with its principal project, the Marillana Iron Ore Project, located 100km north-west of Newman in the Pilbara region of Western Australia and lying close to existing rail, road and port infrastructure. The Marillana Project will be one of the most significant hematite projects to be developed within Australia over the forthcoming years.

<sup>3</sup> Converted to A\$ using A\$:HK\$ exchange rate of 7.8825 as at 9 December 2011

Brockman has built a portfolio of additional iron ore tenements throughout the Pilbara (predominantly the Ophthalmia and West Pilbara areas) to develop a pipeline of future projects and expansions, thereby creating future value enhancement to the Company's shareholders.

The Company is a founding member of the North West Infrastructure (**NWI**), which is completing a Definitive Engineering Study into the development of two inner harbour berths and associated material handling infrastructure at Port Hedland to accommodate NWI's 50 Mtpa export capacity allocation.

#### **ABOUT WAH NAM**

Wah Nam is an investment holding company, incorporated in Bermuda and listed on the HKEx (Hong Kong Stock Code 159) since 2002 and the ASX since January 2011.

Wah Nam, through its subsidiaries, is principally engaged in the exploration and development of iron ore assets in the Pilbara region of Western Australia through its majority interest in Brockman, the exploitation, processing and sales of mineral resources, including copper, zinc and lead ore concentrates in the PRC through its majority interest in Luchun Xingtai Mining, and the provision of transport services in Hong Kong and the PRC.

Wah Nam Australia is an Australian incorporated wholly-owned subsidiary of Wah Nam.

## Annexure 1 - Conditions of the Offer

### Defeating conditions

The Wah Nam Offer will be subject to the following defeating conditions:

(a) **Foreign investment approval**

The Treasurer of the Commonwealth of Australia consents, on an unconditional basis, under the Foreign Acquisitions and Takeovers Act 1975 (Cth) (**FATA**) to the proposed acquisition by Wah Nam Australia of all of the Brockman Shares not already held by Wah Nam Australia. The Treasurer is taken to have so consented:

- (i) if Wah Nam Australia and any other relevant foreign person receives written advice from or on behalf of the Treasurer to the effect that the acquisition of the Brockman Shares is not inconsistent with the Australian Government's foreign investment policy or is not objected to under the FATA; or
- (ii) if notice of the proposed acquisition of the Brockman Shares is given to the Treasurer and the Treasurer has ceased to be empowered to make any order under Part II of the FATA in relation to the proposed acquisition because of a lapse of time.

(b) **Wah Nam shareholder approval**

- (i) The requisite majority of Wah Nam shareholders other than Ocean Line and its associates, approve the acquisition by Wah Nam Australia of all of the Brockman Shares not already owned by Wah Nam Australia and the transactions contemplated thereunder, including the allotment and issue of the Wah Nam shares to be issued as part of the offer consideration (**Consideration Shares**);
- (ii) The requisite majority of Wah Nam shareholders approve the Subscription Agreement and the transactions contemplated thereunder, including:
  - A. the allotment and issue of the Subscription Shares; and
  - B. the issue of the Convertible Bond and the allotment and issue of the Wah Nam Shares which may be issued upon the exercise of the conversion rights attached to the Convertible Bond; and
- (iii) The requisite majority of Wah Nam shareholders approve the Underwriting Agreement and the transactions contemplated thereunder, including the allotment and issue of the Placement Shares,

at general meeting by poll.

(c) **Subscription**

Completion of the subscription of the Subscription Shares and Convertible Bond to Ocean Line pursuant to the Subscription Agreement.



(d) **Placement**

Completion of the placement of the Placement Shares pursuant to the Underwriting Agreement.

(e) **80% minimum acceptance**

At the end of the offer period, Wah Nam Australia has a Relevant Interest in at least 80% of all Brockman Shares.

(f) **Prescribed Occurrences**

Between the date of this announcement and the end of the offer period, (each inclusive) no Prescribed Occurrence occurs.

(g) **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 Brockman 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 Brockman Shares, or the divestiture of any material assets of Brockman or the Wah Nam group.

(h) **Exchange Rate Variation**

The A\$/US\$ exchange rate as quoted on Bloomberg does not exceed US\$1.10 for 50% or more of the time during each of the 5 trading days on the HKEx after the last of the conditions in paragraphs (a), (b), (c), (d) and (e) is satisfied.

**Statutory condition**

The Wah Nam 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 and the ASX for admission to quotation of the Consideration Shares within 7 days after the start of the Bid Period; and
- (ii) permission for admission to quotation of the Consideration Shares on the HKEx and 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 1**

Words used in this Annexure 1 that are defined in the Corporations Act 2001 (Cth) have the meaning given by the Corporations Act 2001 (Cth).

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