
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Wealthmark International (Holdings) Limited, you should at once hand this circular to the purchaser or to the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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WEALTHMARK INTERNATIONAL (HOLDINGS) LIMITED
和寶國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 039)

DISCLOSEABLE TRANSACTION
SALE OF PROPERTY

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DEFINITIONS

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

“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Company”	Wealthmark International (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Disposal Agreement”	the provisional agreement for sale and purchase dated 11 October 2006 entered into between Wallmark Enterprise as vendor and the Purchaser as purchaser for the Sale
“Formal Agreement”	the formal agreement for the Sale dated 26 October 2006 entered into by the parties pursuant to the terms of the Disposal Agreement
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party”	party who is independent of the Company and not a connected person (as defined in the Listing Rules) of the Company
“Latest Practicable Date”	27 October 2006, being the latest practicable date before the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property”	Units 1-2 on 3/F, Fook Hong Industrial Building, 19 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong

DEFINITIONS

“Purchaser”	Gain Right International Limited, a company incorporated in Hong Kong with limited liability and the purchaser of the Property under the Disposal Agreement
“Sale”	the sale of the Property by Wallmark Enterprise to the Purchaser on the terms of the Disposal Agreement or, when subsequently entered into, the Formal Agreement
“Sale Price”	the consideration payable by the Purchaser to Wallmark Enterprise for the purchase of the Property under the Disposal Agreement
“SFO”	Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong
“Shares”	shares of HK\$0.10 each in the share capital of the Company
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Wallmark Enterprise”	Wallmark Enterprise Company Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company

LETTER FROM THE BOARD



WEALTHMARK INTERNATIONAL (HOLDINGS) LIMITED 和寶國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 039)

Executive Directors:

Mr. Lo Peter (*Chairman*)

Mr. Sun David Lee (*Chief Executive Officer*)

Mr. Li Wentao

Mr. Fu Hui

Non-executive Director:

Mr. Yeung Ting-Lap Derek Emory

Independent Non-executive Directors:

Dr. Loke Yu

Dr. Leung Kwan-Kwok

Mr. Zuchowski Sam

Registered office:

P.O. Box 309GT

Ugland House

South Church Street

George Town

Grand Cayman

Cayman Islands

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

2116 Hutchison House

10 Harcourt Road

Hong Kong

1 November 2006

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION SALE OF PROPERTY

1. INTRODUCTION

On 11 October 2006, the Board announced that Wallmark Enterprise, a wholly-owned subsidiary of the Company, entered into the Disposal Agreement with the Purchaser for the sale of the Property by Wallmark Enterprise to an Independent Third Party purchaser.

The Sale constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

The purpose of this circular is to provide you further information on the Sale.

LETTER FROM THE BOARD

2. THE DISPOSAL AGREEMENT

Date

11 October 2006

Parties

Vendor : Wallmark Enterprise, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company

Purchaser : Gain Right International Limited, a company incorporated in Hong Kong. The Purchaser was introduced to the Vendor by a licensed estate agent when Wallmark Enterprise agreed to lease its new office. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the principal business activity of the Purchaser is property investment and the Purchaser and its ultimate beneficial owners are Independent Third Parties.

Property sold

Units 1-2 on 3/F, Fook Hong Industrial Building, 19 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong.

The Property has been used by Wallmark Enterprise as office premises.

Sale Price

The Sale Price is in the sum of HK\$8,751,240 and is to be satisfied by the Purchaser in cash. The payment terms of the Sale Price are as follows:

- (1) HK\$437,562 as initial deposit and part payment of the Sale Price, which was paid on 11 October 2006 upon signing of the Disposal Agreement;
- (2) HK\$437,562 as further deposit and part payment of the Sale Price, which was paid to Wallmark Enterprise upon signing of the Formal Agreement on 26 October 2006; and
- (3) HK\$7,876,116 as the balance of the Sale Price, which is to be paid upon completion of the Sale on or before 12 January 2007.

LETTER FROM THE BOARD

All the deposits referred to above are to be held by the solicitors acting in the Sale until the completion of the Sale on the terms of the Disposal Agreement.

The Sale Price was arrived at by the parties to the Disposal Agreement after arm's length negotiations by reference to prevailing property market conditions. Given that the net book value (with reference to valuation by an independent professional valuation firm as at 31 December 2004) of the Property was HK\$7,749,123 as at 30 September 2006, the Directors consider that the Sale Price of HK\$8,751,240 represents a fair value for the Property.

Signing of Formal Agreement

The Formal Agreement embodying the principal terms of the Disposal Agreement was signed on 26 October 2006.

Completion

Completion of the Sale is expected to take place on or before 12 January 2007.

3. REASONS FOR AND BENEFITS OF THE SALE

The Property is held by the Group for use as office premises. Given the current rising property market in Hong Kong, the Directors consider that the disposal of the Property presents a good opportunity for the Company to yield a reasonable return. The Group has signed a lease agreement to rent a smaller office space located elsewhere from the Purchaser, and will relocate to such new office space upon completion of the Sale.

The Property is sold at market price and the Directors consider that the terms of the Sale are fair and reasonable and the Sale is in the interests of the Company and the Shareholders as a whole.

4. USE OF SALE PROCEEDS

The Group intends to apply the net Sale proceeds of approximately HK\$8,741,240 from the Sale, after deducting the related expenses of about HK\$10,000, as additional working capital for the Group.

LETTER FROM THE BOARD

5. FINANCIAL EFFECT OF THE SALE

The net book value (with reference to valuation by independent professional valuation firm as at 31 December 2004) of the Property was HK\$7,749,123 as at 30 September 2006. The Group is to record a gain of approximately HK\$992,117 (subject to audit) upon completion of the sale by reference to the net Sale proceeds of approximately HK\$8,741,240 and the net book value of the Property as at 30 September 2006.

Upon completion of the Sale, there would also be:

- (1) no impact on the earnings or liabilities of the Group; and
- (2) the following estimated changes in the assets of the Group:

	<i>HK\$</i>
Increase in cash (proceeds less outlays)	8,741,240
Decrease in property, plant and equipment	<u>7,749,123</u>
Increase in net assets	<u><u>992,117</u></u>

6. GENERAL

The Group is principally engaged in the manufacturing and sale of handbag products, related accessories and garments, provision of related subcontracting services, and the production and sale of dairy products in the PRC.

The Sale constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

7. ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the appendix to this circular.

Yours faithfully,
For and on behalf of the Board of
Wealthmark International (Holdings) Limited
Peter Lo
Chairman

1. RESPONSIBILITY STATEMENT

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

2. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SECURITIES

As at the Latest Practicable Date, neither the Directors nor the Chief Executive of the Company had any interests or short positions in the Shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken on were deemed to have under such provisions of the SFO), or (b) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

3. DISCLOSEABLE INTERESTS UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, the Directors are not aware of any person (not being a Director or chief executive of the Company) who as at the Latest Practicable Date had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

Name	Number of Shares held in the Company	% of issued share capital of the Company
Orientalite Investments Limited (<i>Note</i>)	195,000,000	58.73
China Enterprise Capital Limited (<i>Note</i>)	195,000,000	58.73

Note:

Orientalite Investments Limited is a wholly-owned subsidiary of China Enterprise Capital Limited. Orientalite Investments Limited has a direct discloseable interest in the Company. As a result of its relationship to Orientalite Investments Limited, China Enterprise Capital Limited also has a discloseable interest as it is taken under the SFO to be interested in the same Shares.

4. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claim of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

5. DIRECTORS' SERVICE CONTRACTS

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

6. COMPETING INTERESTS OF DIRECTORS AND ASSOCIATES

No Director has any interest, and as far as each Director is aware none of his associates have any interests, in any business which competes or is likely to compete, either directly or indirectly, with the existing business of the Group.

7. MISCELLANEOUS

- (a) The qualified accountant and secretary of the Company is Ms. Chan So Fong, FCCA, CPA. Ms. Chan is a Fellow Member of the Association of Chartered Certified Accountants and an Associate Member of the Hong Kong Institute of Certified Public Accountants.
- (b) The registered office of the Company is situated at P.O. Box 309GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands. The Company's head office and principal place of business in Hong Kong is situated at 2116 Hutchison House, 10 Harcourt Road, Hong Kong.
- (c) The branch share registrar and transfer office of the Company in Hong Kong is Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong
- (d) The English language text of this document shall prevail over the Chinese language text.