WEALTHMARK INTERNATIONAL (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 039)

CONTINUING CONNECTED TRANSACTION RELATING TO PROPOSED ACQUISITION OF ETHANOL BUSINESS

Further to the Company's announcement dated 18 May 2007 regarding, among other things, the Company's proposed acquisition of CEC Ethanol, the Board announces that the operating subsidiary of CEC Ethanol, Harbin Distillery, has entered into the New Processing Agreement with Harbin Factory for the production of ethanol by Harbin Factory on a tolling basis on 23 May 2007.

Subject to and upon completion of the Company's acquisition of CEC Ethanol, Harbin Factory will become a connected person of the Company, and the transactions under the New Processing Agreement will constitute a non-exempt continuing connected transaction of the Company under Rule 14A.14 of the Listing Rules and will be subject to the reporting, announcement and independent shareholders' approval as well as the annual review requirements.

An independent board committee of the Company has been formed to advise the Independent Shareholders on the terms of the New Processing Agreement, and an independent financial adviser will be appointed to advise the independent board committee and the Independent Shareholders on the same.

Details of the terms of the New Processing Agreement, a letter from the independent board committee of the Company and a letter of advice from the independent financial adviser to the independent board committee and the Independent Shareholders will be set out in a circular to be despatched to the shareholders of the Company before 18 June 2007.

Reference is made to the announcement of the Company dated 18 May 2007 (the "**Announcement**"), which discloses, among other things, the Company's entry into the CEC Acquisition Agreement for the purchase of CEC Ethanol.

The Board announces that the operating subsidiary of CEC Ethanol, Harbin Distillery, entered into a processing agreement with Harbin Factory for the production of ethanol by Harbin Factory on a tolling basis on 23 May 2007 ("**New Processing Agreement**").

Harbin Distillery, a Sino-foreign equity joint venture established in the PRC, is engaged in the sale and distribution of ethanol to traditional Chinese white spirits and overseas shochu producers, and is owned as to 72.7% by CEC Ethanol and as to 27.3% by Harbin Light Industry.

Harbin Factory is a State-owned enterprise established in the PRC and has been producing and distributing premium grade ethanol since 1918, and includes in its customer base the premium liquor producers in the PRC. Harbin Factory is an associate of Harbin Light Industry.

Upon completion of the Company's acquisition of CEC Ethanol pursuant to the CEC Acquisition, Harbin Factory will become a connected person of the Company by virtue of the foregoing relationships. The relevant percentage ratios for the aggregate amount of the transactions contemplated under such agreement on an annual basis are more than 25%. Accordingly, the New Processing Agreement will, subject to and upon completion of the CEC Acquisition, constitute non-exempt continuing connected transactions under Rule 14A.14 of the Listing Rules and will be subject to the reporting, announcement and independent shareholders' approval as well as the annual review requirements.

NEW PROCESSING AGREEMENT

Harbin Distillery and Harbin Factory entered into the New Processing Agreement on 23 May 2007 to regulate the arrangements by which Harbin Factory shall process raw materials supplied by Harbin Distillery into ethanol products for a processing fee.

The principal terms of the New Processing Agreement are as follows:

Principal Terms

Parties: (1) Harbin Distillery
(2) Harbin Factory

Date: 23 May 2007

Processing arrangement: Harbin Distillery shall supply raw materials for Harbin Factory to manufacture into the following amounts of ethanol, gluten feed and carbon dioxide for a specified processing fee during the following periods:

	Ethanol *(tonnes)*	**Gluten feed and carbon dioxide** *(tonnes)*
1 May 2007 – 31 December 2007	40,000	35,000
1 January 2008 – 31 December 2008	60,000	52,800
1 January 2009 – 31 December 2009	60,000	52,800

Processing fee: The processing fee is charged at RMB1,320 per tonne of ethanol produced, subject to a 0.5% adjustment based on the actual costs of production incurred by Harbin Factory. The processing fee is inclusive of all production costs such as water, energy consumption and labour fees, plant and machinery depreciation costs, as well as value added tax.

	The processing fee was determined from arm's length negotiations based on the actual costs previously incurred and likely to be incurred by Harbin Factory in providing the processing services.
Term:	The New Processing Agreement shall be effective from the date of execution of the agreement and expire on 31 December 2009, provided however that Harbin Distillery has the right to terminate the agreement earlier after the construction of its ethanol production facility has been completed (expected to take place in 2008).

Annual caps

Based on limited available historical data and Harbin Distillery's projected sales and distribution over the term of the New Processing Agreement as explained below, it is anticipated that, for the relevant periods covered by the New Processing Agreement, the maximum aggregate amounts to be paid to Harbin Factory by Harbin Distillery under the New Processing Agreement will not exceed:

	RMB	*HK$*
For the period from 1 May 2007 to 31 December 2007	53,064,000	54,125,280
For the year ending 31 December 2008	79,596,000	81,187,920
For the year ending 31 December 2009	79,596,000	81,187,920

These annual caps have been determined based on the maximum production capacity of the Harbin Factory of 60,000 tonnes per year, the processing fee of RMB1,320 per tonne of ethanol and the permitted 0.5% adjustment. They provide a monthly average fee of RMB6,633,000 (HK$6,765,660), representing 1.6 times the monthly average amount of RMB4,238,250 (HK$4,323,015) paid by Harbin Distillery to Harbin Factory for ethanol production since the transactions commenced, based on an aggregate of RMB16,953,000 (HK$17,292,000) for the four months ended 30 April 2007. The increase over the historical average monthly rate is due to the fact that Harbin Distillery's sales and distribution operations were in a start-up stage during such four month period.

Based on the above annual caps, the applicable percentage ratios for the transactions contemplated by the New Processing Agreement are greater than 25%. Accordingly, in accordance with Rule 14A.35 of the Listing Rules, such transactions will be subject to reporting and announcement requirements and will require independent shareholder approval as set out in Rules 14A.45 to 14A.48 of the Listing Rules, assuming completion of the CEC Acquisition.

If the annual caps are subsequently expected to be exceeded, the Company will re-comply with the relevant provisions of the Listing Rules in accordance with Rule 14A.36 of the Listing Rules.

REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW PROCESSING AGREEMENT

The Group is currently engaged in the trading and manufacturing of handbag products and related accessories, manufacturing of garments, provision of related subcontracting services, and the production and sales of dairy products. Upon consummation of the Acquisitions (including the acquisition of an interest in Harbin Distillery pursuant to the CEC Acquisition) and the Disposal as referred to in the Announcement, the Group will be principally engaged in the production and distribution of ethanol products.

Harbin Distillery is currently engaged in the sale and distribution of ethanol. As disclosed in "Information on BAPP Ethanol and CEC Ethanol – CEC Ethanol" of the Announcement, Harbin Distillery is a Sino-foreign equity joint venture between CEC Ethanol and Harbin Light Industry. Under the terms of Harbin Distillery's articles of association and joint venture contract, the contribution to registered capital made and to be made by Harbin Light Industry to Harbin Distillery for its 27.3% equity interest consists of Harbin Factory's customer base, brands and ethanol production plant and equipment. During the construction of Harbin Distillery's production plant, Harbin Distillery is unable to take delivery of and deploy such plant and equipment for ethanol production. Accordingly, it is necessary during the construction of its production plant for Harbin Distillery to obtain ethanol from Harbin Factory under an effective outsourcing arrangement pursuant to the New Processing Agreement in order that Harbin Distillery can continue to sell to the customer base transferred to it by Harbin Factory. It is necessary for Harbin Distillery to outsource to Harbin Factory, and not to other third parties, as Harbin Distillery needs to ensure that the production method and product quality are maintained for the same customer base. The New Processing Agreement is intended to continue in force until Harbin Distillery has completed the construction of its production of its facility, at which time Harbin Factory can transfer such plant and equipment to Harbin Distillery, or until 31 December 2009, whichever is earlier. The agreement ensures that Harbin Distillery will have a steady supply of ethanol products for its sales and distribution business over the period that it is developing its production facility. Given that the processing fees are determined on an at-cost basis, and given that Harbin Distillery will be deploying the same plant and machinery currently used by Harbin Factory for its future production to serve the same customer base, the Directors believe that the terms of the transactions under the New Processing Agreement are fair and reasonable and in the interests of the Shareholders as a whole, assuming completion of the CEC Acquisition.

INDEPENDENT SHAREHOLDER APPROVAL

Under the Listing Rules, the transaction contemplated under the New Processing Agreement is subject to the approval of the Independent Shareholders by poll. The Company will convene an EGM to seek the approval of the Independent Shareholders in respect of the New Processing Agreement.

It is a condition to completion under the CEC Acquisition Agreement that the Company shall obtain approval from its Independent Shareholders in relation to the possible continuing connected transaction constituted under the New Processing Agreement. Accordingly, the Board considers OIL to have a material interest in the New Processing Agreement, on the basis that OIL is an associate of the CEC Vendor, the counterparty to the CEC Acquisition Agreement. Therefore, OIL, which holds 195,000,000 shares of the Company representing approximately 58.7% of the issued share capital of the Company and voting rights in general meeting, will abstain from voting at the EGM as required by the Listing Rules. To the best knowledge of the Directors, no other Shareholder has a material interest in the transactions contemplated under the New Processing Agreement and therefore no Shareholder apart from OIL is required to abstain from voting at the EGM in respect of the New Processing Agreement and the transactions contemplated thereunder.

An independent board committee of the Company has been formed to advise the Independent Shareholders on the terms of the New Processing Agreement, and an independent financial adviser will be appointed to advise the independent board committee and the Independent Shareholders on the same.

A circular containing, among other things, details of the terms of the New Processing Agreement, a letter from the independent board committee of the Company and a letter of advice from the independent financial adviser to the independent board committee and the Independent Shareholders, and a notice of the EGM to be convened to consider and, if thought fit, approve the terms of the New Processing Agreement and the transactions thereunder, will be despatched to the shareholders of the Company before 18 June 2007.

DEFINITIONS

"associate"	has the meaning ascribed to it under the Listing Rules
"CEC Acquisition"	the sale and purchase of entire issued share capital of CEC Ethanol pursuant to the CEC Acquisition Agreement
"CEC Acquisition Agreement"	the agreement for the sale and purchase of all of the shares in CEC Ethanol dated 11 May 2007 between CEC Vendor, CEC and the Company
"CEC Ethanol"	CEC Ethanol (Northwest) Limited, a company incorporated in the British Virgin Islands
"CEC Vendor"	CEC Agricapital Group Limited, a company incorporated in the British Virgin Islands and a connected person of the Company by reason of it being wholly beneficial owned by CEC, which also owns all of the shares in OIL, the Company's controlling shareholder
"Company"	Wealthmark International (Holdings) Limited, a company incorporated in the Cayman Islands whose shares are listed on the Stock Exchange
"connected person"	has the meaning ascribed to it under the Listing Rules
"controlling shareholder"	has the meaning ascribed to it under the Listing Rules
"Director"	any director of the Company
"Group"	the Company and its subsidiaries
"Harbin Distillery"	哈爾濱中國釀酒有限公司 (Harbin China Distillery Co., Ltd.), a limited liability company organised as a Sino-foreign joint venture company established in the PRC, and a subsidiary of CEC Ethanol
"Harbin Factory"	哈爾濱中國釀酒廠 (Harbin China Distillery), a State-owned enterprise established in the PRC and an associate of Harbin Light Industry
"Harbin Light Industry"	哈爾濱輕工資產經營有限責任公司 (Harbin Light Industry Asset Management Co., Ltd.), a State-owned enterprise established in the PRC, and the owner as to 27.3% of the equity interest in Harbin Distillery
"Hong Kong"	The Hong Kong Special Administrative Region of the PRC
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Independent Shareholders"	Shareholders that are not persons who have a material interest in the transactions contemplated by the New Processing Agreement or associates of such persons
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
"New Processing Agreement"	the processing agreement entered into by Harbin Distillery and Harbin Factory on 23 May 2007 in relation to the production of ethanol for Harbin Distillery by Harbin Factory
"OIL"	Orientelite Investments Limited, a company incorporated in the British Virgin Islands and a controlling shareholder of the Company
"RMB"	Renminbi, the lawful currency of the People's Republic of China

For the purposes of this announcement, translations of RMB to HK$ has been calculated by using the exchange rate of RMB1.00 = HK$1.02.

By Order of the Board
Wealthmark International (Holdings) Limited
Peter Lo
Chairman

Hong Kong, 25 May 2007

As at the date hereof, the executive directors are Mr. Peter Lo, Mr. David Lee Sun, Mr. Li Wentao and Mr. Fu Hui, the non-executive director is Mr. Derek Emory Ting-Lap Yeung, and the independent non-executive directors are Dr. Leung Kwan-Kwok, Mr. Sam Zuchowski and Dr. Loke Yu alias Loke Hoi Lam.