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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)

CONNECTED TRANSACTION AND DISCLOSEABLE TRANSACTION

Acquisition of equity interest in Harbin China Distillery Co., Ltd.

THE ACQUISITION

The Board is pleased to announce that on 9 November 2007, the Company and its wholly-owned subsidiary, CEC Ethanol, entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Company has agreed to acquire a 27.3% equity interest in Harbin Distillery from the Vendor. Harbin Distillery is a non-wholly-owned subsidiary of the Company. Upon completion of the Acquisition, Harbin Distillery will become a wholly-owned subsidiary of the Company.

The consideration for the Acquisition is RMB60,000,000 (approximately HK\$62,550,000), which will be satisfied by the issuance of 50,040,000 Shares by the Company to the Vendor at HK\$1.25 per Share. The Consideration Shares will represent approximately 8.12% of the issued share capital of the Company as enlarged by the issue of such Consideration Shares.

The consideration has been determined after arm's length negotiations with the Vendor. The Directors, are of the view that the terms of the Sale and Purchase Agreement, including the consideration payable by the Company thereunder, are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Under the Listing Rules, the Vendor is a connected person of the Company and the Acquisition constitutes a connected transaction under Chapter 14A of the Listing Rules which is subject to the Independent Shareholders' approval. An independent board committee of the Company has been formed to advise the Independent Shareholders on the terms of the Sale and Purchase Agreement, and an independent financial advisor will be appointed to advise the independent board committee and the Independent Shareholders on the same. The Acquisition also constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

A circular containing, among other things, (i) further information relating to the Acquisition, (ii) a letter from the independent board committee of the Company, (iii) a letter of advice from the independent financial advisor to the independent board committee and the Independent Shareholders, and (iv) where required, a notice of extraordinary general meeting to consider and, if thought fit, approve the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder, will be dispatched to the Shareholders as soon as reasonably practicable.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 12 November 2007 pending the release of this announcement. Application has been made for the resumption of trading with effect from 9:30 a.m. on 13 November 2007.

The Board is pleased to announce that on 9 November 2007, the Company and its wholly-owned subsidiary, CEC Ethanol, entered into the Sale and Purchase Agreement with the Vendor for the acquisition of a 27.3% equity interest in Harbin Distillery held by the Vendor.

Harbin Distillery is a non-wholly owned subsidiary of the Company, with CEC Ethanol holding a 72.7% equity interest in it. On completion of the Acquisition, Harbin Distillery will become a wholly-owned subsidiary of the Company, with the Company holding the other 27.3%.

As a substantial shareholder of Harbin Distillery, the Vendor is a connected person of the Company as defined in the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction, and based on the relevant size tests, it is subject to the Independent Shareholders' approval under Chapter 14A of the Listing Rules. An independent board committee of the Company has been formed to advise the Independent Shareholders on the terms of the Sale and Purchase Agreement, and an independent financial advisor will be appointed to advise the independent board committee and the Independent Shareholders on the same. In addition, based on the relevant size tests, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and its respective ultimate beneficial owners are independent third parties not connected with the directors, the chief executive or the substantial shareholders of the Company or any of its subsidiaries or their respective associates.

THE SALE AND PURCHASE AGREEMENT

Parties

- (1) The Vendor (as vendor)
- (2) The Company (as purchaser)
- (3) CEC Ethanol (in acknowledgement of the transaction as the other equity owner of Harbin Distillery)

Assets to be acquired

The Company has agreed to acquire a 27.3% equity interest in Harbin Distillery from the Vendor. On completion of the Acquisition, Harbin Distillery will become a wholly-owned subsidiary of the Company.

Consideration

The consideration payable by the Company for the Acquisition is RMB60,000,000 (approximately HK\$62,550,000), which will be satisfied by the issuance of the Consideration Shares by the Company to the Vendor at an issue price of HK\$1.25 per Share, credited as fully paid.

The consideration has been determined after arm's length negotiations between the parties based on the amount of registered capital paid by the Vendor in respect of its 27.3% equity interest in Harbin Distillery, which was RMB60,000,000 (approximately HK\$62,550,000), being the original purchase cost of such interest to the Vendor.

The issue price of the Consideration Shares of HK\$1.25 per Consideration Share was determined after arm's length negotiations between the parties with reference to the recent market price of the Shares. The issue price represents:

- (i) a premium of approximately 4.2% to the closing price of HK\$1.20 per Share as quoted on the Stock Exchange on 9 November 2007, being the last trading day prior to the suspension of trading in the Shares pending the release of this announcement;
- (ii) a discount of approximately 2.2% to the average closing price of HK\$1.278 per Share over the last 5 trading days up to and including 9 November 2007 as quoted on the Stock Exchange; and
- (iii) a discount of approximately 4.6% to the average closing price of HK\$1.31 per Share over the last 30 trading days up to and including 9 November 2007 as quoted on the Stock Exchange.

The Consideration Shares represent approximately 8.84% of the existing share capital of the Company and will represent approximately 8.12% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares. The Consideration Shares will be issued under the general mandate granted to the Directors at the extraordinary general meeting of the Company held on 16 July 2007. As at the date of this Announcement, such general mandate has not been utilized by the Company.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

The Directors are of the view that the terms of the Sale and Purchase Agreement, including the consideration payable thereunder, are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Conditions precedent

The Acquisition is conditional upon the fulfillment of, among other things, the following conditions precedent:

- (a) the Vendor having obtained the requisite internal approvals for the transfer of the equity interest under the Sale and Purchase Agreement;
- (b) Harbin Distillery having approved the necessary amendments to its articles of association;
- (c) the necessary governmental approvals required for the transfer of the equity interest pursuant to the Sale and Purchase Agreement having been obtained;
- (d) the Vendor having completed the necessary registration procedures in respect of the transfer of the equity interest in Harbin Distillery with the Administration of Commerce and Industry in Harbin Municipality;
- (e) the Company having obtained the necessary shareholder approvals in accordance with the requirements of the Listing Rules; and
- (f) the Stock Exchange having granted or agreed to grant the listing of and permission to deal in the Consideration Shares on the Stock Exchange.

Completion

Completion will take place on the tenth Business Day immediately after the day when all the conditions precedent as set out above in the sub-section headed “Conditions precedent” have been satisfied.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company as at the date of this announcement and immediately after issue of the Consideration Shares upon completion of the Acquisition (assuming there is no other change in the share capital of the Company from the date of signing of the Sale and Purchase Agreement through completion):

	As at the date of this announcement		Upon completion of the Acquisition and the issue of the Consideration Shares	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Connected persons:				
– Orientelite Investments Limited	195,000,000	34.45	195,000,000	31.65
– CEC Agricapital Group Limited	128,960,000	22.79	128,960,000	20.93
– Winning Heart Investments Limited	4,000,000	0.71	4,000,000	0.65
– Li Jian Quan	6,640,000	1.17	6,640,000	1.08
– Lu Gui Pin	6,720,000	1.19	6,720,000	1.09
– Peter Lo	3,760,000	0.66	3,760,000	0.61
– Kan Daphne Duen Lai	100,000	0.02	100,000	0.02
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Sub-total:	345,180,000	60.99	345,180,000	56.03
Vendor	–	–	50,040,000	8.12
Other public Shareholders	220,820,000	39.01	220,820,000	35.85
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Total:	566,000,000	100.0	616,040,000	100.0
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Notes:

- (1) CEC Agricapital Group Limited is a wholly-owned subsidiary of Orientelite Investments Limited.
- (2) Messrs. Li Jian Quan, Lu Gui Pin and Peter Lo are Directors.
- (3) Winning Heart Investments Limited is an associate of Mr. Li Jian Quan.
- (4) Ms. Kan Daphne Duen Lai is the spouse of Mr. David Lee Sun, a Director.
- (5) The Vendor is currently a connected person of the Company but will cease to be so after completion of the Acquisition.

INFORMATION RELATING TO HARBIN DISTILLERY

Harbin Distillery is a Sino-foreign equity joint venture established in the PRC on 23 June 2006 by CEC Ethanol and the Vendor, with an equity ownership of 72.7% and 27.3%, respectively. Harbin Distillery commenced operations at the beginning of 2007 and is engaged in the sale and distribution of ethanol to traditional Chinese white spirits and overseas shochu producers. The Vendor manages certain State-owned assets under authority of the Harbin branch of the State-owned Assets Supervision and Administration Commission.

The following table shows certain audited financial information relating to Harbin Distillery for the period commencing from 23 June 2006, being the date of establishment of Harbin Distillery, to 31 December 2006, prepared in accordance with Hong Kong Financial Reporting Standards:

	Period from 23 June 2006 to 31 December 2006
	<i>HK\$'000</i>
	<i>(audited)</i>
Net loss before tax	659
Net loss after tax	659
Net asset value	148,438
Turnover	–
Total assets	148,438

REASONS FOR AND BENEFITS OF THE ACQUISITION

Since July 2007, the Group has been principally engaged in the sale and distribution of ethanol, as well as limited production of ethanol. Harbin Distillery is one of the Group's two principal operating subsidiaries. The Directors believe that the Group would benefit from administrative and management efficiencies by being the sole-owner of Harbin Distillery.

GENERAL

Under Chapter 14 and Chapter 14A of the Listing Rules, respectively, the Acquisition constitutes a discloseable transaction and a connected transaction for the Company that is subject to the Independent Shareholders' approval at a general meeting on which voting shall be taken by poll.

To the best knowledge of the Directors, no Shareholder has a material interest in the transactions contemplated under the Sale and Purchase Agreement and accordingly no Shareholder is required to abstain from voting at any general meeting convened for the approval of the Sale and Purchase Agreement and the transactions contemplated thereunder.

Orientalite Investments Limited, the controlling shareholder of the Company, beneficially holds in the aggregate approximately 57.24% of the issued share capital of the Company and voting rights in general meeting as at the date of this announcement. It has indicated to the Company that it will vote in favour of any resolution to be proposed at any general meeting to approve the Sale and Purchase Agreement and the transactions contemplated thereunder. As no Shareholder is required to abstain from voting on the Acquisition, the Acquisition may, subject to compliance with other applicable requirements under the Listing Rules, be approved by a written Shareholders' approval. Accordingly, application has been made to the Stock Exchange under Rule 14A.43 of the Listing Rules for the Acquisition under the Sale and Purchase Agreement to be approved by a written Shareholders' approval in lieu of holding a general meeting. If the waiver is not granted, the Company will convene a general meeting to approve the Sale and Purchase Agreement and the Acquisition contemplated thereunder.

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

A circular containing, among other things, (i) further information relating to the Acquisition, (ii) a letter from the independent board committee of the Company, (iii) a letter of advice from the independent financial advisor to the independent board committee and the Independent Shareholders, and (iv) where required, a notice of extraordinary general meeting to consider and, if thought fit, approve the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder, will be dispatched to the Shareholders as soon as reasonably practicable.

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DEFINITIONS

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

“Acquisition”	the proposed acquisition by the Company of a 27.3% equity interest in Harbin Distillery under the terms of the Sale and Purchase Agreement
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (excluding Saturdays) on which banks generally are open for business in Hong Kong
“CEC Ethanol”	CEC Ethanol (Northeast) Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company

“Company”	Wealthmark International (Holdings) Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange
“Consideration Shares”	50,040,000 Shares to be allotted and issued to the Vendor for the full settlement of the consideration for the Acquisition pursuant to the terms of the Sale and Purchase Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules
“connected transaction”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors 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 organized as a Sino-foreign joint venture company established in the PRC, and a subsidiary of CEC Ethanol
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	Shareholders that are not persons who have a material interest in the transactions contemplated under the Sale and Purchase Agreement or associates of such persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“PRC”	the Peoples Republic of China, which for the purposes of this announcement shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 9 November 2007 between the Vendor, the Company and CEC Ethanol in respect of the Acquisition
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“Vendor” 哈爾濱工業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

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

Hong Kong, 12 November 2007

As at the date hereof, the executive directors are Mr. Peter Lo, Mr. Li Wentao, Mr. David Lee Sun, Mr. Zhao Difei, Mr. Li Jian Quan and Mr. Lu Gui Pin; 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.