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)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

The Board of Directors (the "Board") of Wealthmark International (Holdings) Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2007 together with the comparative amounts for 2006 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2007

	Note	2007 HK$'000	2006 HK$'000 (Restated)
Continuing operations			
Turnover	4	**65,815**	–
Cost of sales		**(70,472)**	–
Gross loss		**(4,657)**	–
Other income		**555**	76
Distribution costs		**(1,091)**	–
Administrative expenses		**(29,001)**	(5,763)
Loss from operations		**(34,194)**	(5,687)
Finance costs	6	**–**	(366)
Loss before tax		**(34,194)**	(6,053)
Income tax credit	7	**127**	–
Loss for the year from continuing operations		**(34,067)**	(6,053)
Discontinued operations	8		
Loss of discontinued operations		**(14,889)**	(25,880)
Gain on disposal of discontinued operations		**9,618**	–
Loss for the year from discontinued operations		**(5,271)**	(25,880)
Loss for the year	9	**(39,338)**	(31,933)
Attributable to:			
Equity holders of the Company		**(34,757)**	(25,986)
Minority interests		**(4,581)**	(5,947)
		(39,338)	(31,933)
Dividends	10	**–**	–
Loss per share – basic	11		
For loss for the year		**HK (7.8) cents**	HK (8.1) cents
For loss for the year from continuing operations		**HK (7.4) cents**	HK (1.9) cents

CONSOLIDATED BALANCE SHEET

At 31 December 2007

	2007 *HK$'000*	2006 *HK$'000* (Restated)
Non-current assets		
Property, plant and equipment	**149,702**	49,097
Prepaid land lease payments	**33,297**	6,296
Goodwill	**2,328**	11,010
Other intangible assets	**145,265**	–
Deferred tax assets	**505**	–
	331,097	66,403
Current assets		
Inventories	**2,616**	30,831
Trade and other receivables	**68,377**	34,225
Due from immediate holding company	**1,560**	–
Due from a fellow subsidiary	**435**	–
Current tax assets	**154**	2,021
Bank and cash balances	**32,854**	8,614
	105,996	75,691
TOTAL ASSETS	**437,093**	142,094
Capital and reserves		
Share capital	**56,600**	33,200
Reserves	**232,994**	(30,152)
Equity attributable to equity holders of the Company	**289,594**	3,048
Minority interests	**62,245**	11,771
Total equity	**351,839**	14,819
Non-current liabilities		
Due to immediate holding company	–	76,150
Deferred tax liabilities	**24,103**	183
	24,103	76,333
Current liabilities		
Trade and other payables	**29,091**	43,650
Due to a minority shareholder of a subsidiary	**32,034**	3,084
Current tax payable	**26**	4,208
	61,151	50,942
Total liabilities	**85,254**	127,275
TOTAL EQUITY AND LIABILITIES	**437,093**	142,094
Net current assets	**44,845**	24,749
Total assets less current liabilities	**375,942**	91,152

NOTES TO THE FINANCIAL STATEMENTS

1. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2007. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards and Interpretations. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting polices and amounts reported for the current year and prior years.

The Group has not applied the new HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

2. CHANGE IN ACCOUNTING POLICY

In prior years, the Group carried its buildings at revalued amounts, based on periodic valuations by external independent valuers, less subsequent depreciation and impairment losses (the "Revaluation Model"). During the year, the Company disposed of the entire issued share capital of Glory Access Limited ("GAL") and Agricapital (Tianjin) Limited ("ATL"), details of which are set out in note 8 below. Since then, the Group decided to carry its buildings at cost less accumulated depreciation and impairment losses as in the opinion of the directors, the Revaluation Model would involve expense out of proportion to the value to the shareholders of the Company. The change in accounting policy has been applied by the Group retrospectively and resulted in a decrease in accumulated losses at 1 January 2006 by approximately HK$3,043,000 and resulted in changes in the amounts reported in the financial statements as follows:

	2007	2006
	HK$'000	*HK$'000*
Increase in property, plant and equipment	–	2,216
Decrease in properties revaluation reserve	–	434
Decrease in deferred tax liabilities	–	110
Decrease in exchange reserve	–	68
Decrease in accumulated losses	–	2,828
Increase in loss for the year from discontinued operations	–	215
Increase in loss per share (HK cent)	–	0.1

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with HKFRSs, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention.

4. TURNOVER

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts and revenue from provision of subcontracting services during the year:

	2007	2006
	HK$'000	*HK$'000*
Sales of goods	**164,456**	163,031
Subcontracting fee income	**–**	4,389
	164,456	167,420
Attributable to:		
Continuing operations	**65,815**	–
Discontinued operations *(note 8)*	**98,641**	167,420
	164,456	167,420

5. SEGMENT INFORMATION

(a) Primary reporting format – business segments

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments.

The Group is organised into three main business segments:

(i) the ethanol products segment comprises the manufacture, sale and distribution of ethanol products;

(ii) the handbags and other accessories segment comprises the manufacture and sale of handbags, garments and other accessories and provision of related subcontracting services; and

(iii) the dairy products segment comprises the manufacture and sale of liquid milk and yogurt.

There are no sales or other transactions among the business segments.

The following tables present revenue, results and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 December 2007 and 2006:

	Continuing operations	**Discontinued operations**			
	Ethanol products *HK$'000*	**Handbags and other accessories** *HK$'000*	**Dairy products** *HK$'000*	**Sub-total** *HK$'000*	**Total** *HK$'000*
Year ended 31 December 2007					
Segment revenue	**65,815**	**76,902**	**21,739**	**98,641**	**164,456**
Segment results	**(4,657)**	**4,416**	**319**	**4,735**	**78**
Other income	**555**			**635**	**1,190**
Reversal of allowance for impairment of receivables	**–**			**193**	**193**
Unallocated costs	**(30,092)**			**(8,952)**	**(39,044)**
Loss from operations	**(34,194)**			**(3,389)**	**(37,583)**
Finance costs	**–**			**(3,482)**	**(3,482)**
Loss before tax	**(34,194)**			**(6,871)**	**(41,065)**
As at 31 December 2007					
Segment assets	**432,102**	**–**	**–**	**–**	**432,102**
Unallocated assets	**4,991**			**–**	**4,991**
Total assets	**437,093**			**–**	**437,093**
Segment liabilities	**84,067**	**–**	**–**	**–**	**84,067**
Unallocated liabilities	**1,187**			**–**	**1,187**
Total liabilities	**85,254**			**–**	**85,254**

	Continuing operations	Discontinued operations			
	Ethanol products	Handbags and other accessories	Dairy products	Sub-total	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2007					
Other segment information					
Capital expenditure	**99,545**	**575**	**239**	**814**	**100,359**
Depreciation	**1,178**	**1,479**	**2,071**	**3,550**	**4,728**
Unallocated amounts	**15**			**–**	**15**
	1,193			**3,550**	**4,743**
Amortisation of prepaid land lease payments	**345**	**6**	**–**	**6**	**351**
Amortisation of other intangible assets	**2,654**	**–**	**–**	**–**	**2,654**
Reversal of allowance for impairment of receivables	**–**	**193**	**–**	**193**	**193**
Year ended 31 December 2006					
Segment revenue	–	142,551	24,869	167,420	167,420
Segment results	–	13,303	(6,129)	7,174	7,174
Other income	76			505	581
Reversal of allowance for impairment of receivables	–			2,155	2,155
Unallocated costs	(5,763)			(30,632)	(36,395)
Loss from operations	(5,687)			(20,798)	(26,485)
Finance costs	(366)			(6,204)	(6,570)
Loss before tax	(6,053)			(27,002)	(33,055)
As at 31 December 2006					
Segment assets	–	77,400	49,933	127,333	127,333
Unallocated assets	827			13,934	14,761
Total assets	827			141,267	142,094
Segment liabilities	–	35,564	9,982	45,546	45,546
Unallocated liabilities	1,284			80,445	81,729
Total liabilities	1,284			125,991	127,275

	Continuing operations	Discontinued operations			
	Ethanol products	Handbags and other accessories	Dairy products	Sub-total	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2006					
Other segment information					
Capital expenditure	–	898	2,862	3,760	3,760
Unallocated amounts	7			–	7
	7			3,760	3,767
Depreciation	–	4,757	4,025	8,782	8,782
Unallocated amounts	13			–	13
	13			8,782	8,795
Amortisation of prepaid land lease payments	–	169	–	169	169
Reversal of allowance for impairment of receivables	–	2,155	–	2,155	2,155
Write down of inventories	–	4,276	1,536	5,812	5,812
Bad debts written off	–	62	–	62	62

(b) Secondary reporting format – geographical segments

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers.

Sales or transactions between the geographical segments are eliminated on presentation of segment information of the Group.

	Segment revenue		**Total assets**		**Capital expenditure**	
	2007	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
United States of America	**9,930**	44,194	**–**	–	**–**	–
Europe	**14,390**	29,587	**–**	–	**–**	–
The People's Republic of China ("PRC")	**138,286**	93,639	**429,774**	98,317	**100,219**	3,452
Asia region except the PRC	**1,850**	–	**4,991**	32,767	**140**	315
	164,456	167,420	**434,765**	131,084	**100,359**	3,767
Goodwill			**2,328**	11,010		
Total assets			**437,093**	142,094		

6. FINANCE COSTS

	2007	2006
	HK$'000	*HK$'000*
Interest on other loan wholly repayable within five years	**119**	366
Interest on amount due to immediate holding company wholly repayable within five years	**3,363**	6,204
	3,482	6,570
Attributable to:		
Continuing operations	**–**	366
Discontinued operations (note 8)	**3,482**	6,204
	3,482	6,570

7. INCOME TAX CREDIT

	2007	2006
	HK$'000	*HK$'000*
Current tax – Hong Kong profits tax		
Provision for the year	**146**	456
Underprovision in prior years	**5**	–
	151	456
Current tax – Overseas		
Overprovision in prior years	**(1,565)**	(1,578)
Deferred tax	**(313)**	–
Income tax credit	**(1,727)**	(1,122)
Attributable to:		
Continuing operations	**(127)**	–
Discontinued operations (note 8)	**(1,600)**	(1,122)
	(1,727)	(1,122)

Hong Kong profits tax is provided at 17.5% (2006: 17.5%) based on the estimated assessable profit for the year. Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

8. DISCONTINUED OPERATIONS

On 11 May 2007, the Company entered into an agreement with the immediate holding company for the disposal of the entire issued share capital of GAL and ATL, both being wholly-owned subsidiaries of the Company, at a total consideration of US$200,000 (approximately HK$1,560,000). GAL and its subsidiaries were engaged in the manufacture and sale of handbags, garments and other accessories and provision of related subcontracting services while ATL and its subsidiaries were engaged in the manufacture and sale of liquid milk and yogurt (collectively, the "disposed subsidiaries"). The disposal was completed on 19 July 2007.

The results of the disposed subsidiaries are presented below:

	For the period from 1 January 2007 to 19 July 2007	Year ended 31 December 2006
	HK$'000	*HK$'000*
Turnover	**98,641**	167,420
Cost of sales	**(93,906)**	(160,246)
Gross profit	**4,735**	7,174
Other income	**635**	505
Reversal of allowance for impairment of receivables	**193**	2,155
Expenses	**(18,570)**	(30,632)
Loss from operations	**(13,007)**	(20,798)
Finance costs	**(3,482)**	(6,204)
Loss before tax	**(16,489)**	(27,002)
Income tax credit	**1,600**	1,122
Loss of discontinued operations	**(14,889)**	(25,880)

9. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging/(crediting) the following:

	Continuing operations		**Discontinued operations**		**Total**	
	2007	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Cost of inventories sold (including write down of inventories)	**52,496**	–	**64,202**	104,847	**116,698**	104,847
Depreciation	**1,193**	13	**3,550**	8,782	**4,743**	8,795
Amortisation of other intangible assets (included in administrative expenses)	**2,654**	–	**–**	–	**2,654**	–
Amortisation of prepaid land lease payments	**345**	–	**6**	169	**351**	169
Staff costs (including directors' emoluments)	**20,562**	2,266	**20,620**	37,466	**41,182**	39,732
Auditors' remuneration	**695**	818	**–**	–	**695**	818
Operating lease charges on land and buildings	**360**	360	**264**	557	**624**	917
Write down of inventories	**–**	–	**–**	5,812	**–**	5,812
Loss on disposal of property, plant and equipment	**–**	–	**921**	944	**921**	944
Property, plant and equipment written off	**–**	–	**–**	152	**–**	152
Bad debts written off	**–**	–	**–**	62	**–**	62
Gain on disposal of prepaid land lease payments	**–**	–	**(898)**	–	**(898)**	–
Net foreign exchange losses/(gains)	**132**	–	**(530)**	(306)	**(398)**	(306)

10. DIVIDENDS

The directors do not recommend the payment of a dividend for the year ended 31 December 2007 (2006: Nil).

11. LOSS PER SHARE

The calculation of basic loss per share attributable to equity holders of the Company is based on the loss for the year attributable to equity holders of the Company of approximately HK$34,757,000 (2006: HK$25,986,000 as restated) and the weighted average number of ordinary shares of 443,347,945 (2006: 320,646,575) in issue during the year.

	2007	2006
	HK$'000	*HK$'000*
Loss for the year attributable to equity holders of the Company		
Continuing operations	**(32,749)**	(6,053)
Discontinued operations	**(2,008)**	(19,933)
	(34,757)	(25,986)

	2007	2006
	HK cents	*HK cents*
Basic loss per share		
Continuing operations	**(7.4)**	(1.9)
Discontinued operations	**(0.4)**	(6.2)
	(7.8)	(8.1)

Diluted loss per share amount for the years ended 31 December 2007 and 2006 have not been disclosed as there were no diluting events existed during these two years.

MANAGEMENT DISCUSSION AND ANALYSIS

Significant acquisitions and disposals

Very substantial and connected transactions

On 11 May 2007, the Company entered into various agreements with its fellow subsidiaries and immediate holding company for certain very substantial and connected transactions. These transactions have been approved by independent shareholders at the Extraordinary General Meeting held on 16 July 2007 and completed on 19 July 2007. Details are set out below:

(i) Disposal of Handbags and other accessories Business and Dairy Business

The Company disposed of the entire issued share capital of each of Glory Access Limited and Agricapital (Tianjin) Limited, each a wholly-owned subsidiary of the Company, to Orientelite Investments Limited, the immediate holding company of the Company, for a total cash consideration of US$200,000 (approximately HK$1,560,000).

Glory Access Limited was the holding company of the Company's interests in its handbags and other accessories business (the "GAL Group") while Agricapital (Tianjin) Limited was the holding company of the Company's interests in its dairy business (the "ATL Group"). The disposal of the GAL Group and ATL Group (collectively, the "Old Businesses") represented the disposal of all of the Company's subsidiaries at that time.

(ii) Acquisition of Ethanol Business

The Company acquired the entire issued share capital in BAPP Ethanol Holdings Limited and CEC Ethanol (Northeast) Limited from its fellow subsidiaries, at considerations of HK$120 million and HK$100 million, respectively. The considerations were satisfied by the Company through the allotment and issuance of 96,000,000 shares and 80,000,000 shares of the Company, respectively, at an issue price of HK$1.25 per share.

BAPP Ethanol Holdings Limited and its subsidiaries (the "BAPP Ethanol Group") were principally engaged in the production and sale of ethanol during the year. The BAPP Ethanol Group operates as a research and development facility exploring more efficient methods of non-feedstock ethanol production and is currently refining a proprietary enzymatic process by which beetroot can be used to generate ethanol in a cost efficient and environmentally conscientious manner.

CEC Ethanol (Northeast) Limited and its subsidiary (the "CEC Ethanol Group") were principally engaged in the sale and distribution of ethanol during the year. The CEC Ethanol Group owns brands and sales networks of premium grade ethanol and is currently developing a 150,000 tonnes ethanol production facility in Harbin, the PRC. In order to ensure steady supply of ethanol for the sales and distribution business during the construction period of the production plant, on 23 May 2007, Harbin China Distillery Co., Ltd. ("Harbin Distillery"), the 72.7% owned subsidiary of CEC Ethanol (Northeast) Limited, entered into a processing agreement with a connected party for the production of ethanol on a tolling basis.

Further details of these transactions were set out in the Company's Circular dated 29 June 2007.

Discloseable and connected transactions

On 9 November 2007, the Company and its wholly-owned subsidiary, CEC Ethanol (Northeast) Limited, entered into a sale and purchase agreement with Harbin Light Industry Asset Management Co., Ltd. ("Harbin Light Industry"), a minority shareholder of Harbin Distillery, for the acquisition of the remaining 27.3% equity interest in Harbin Distillery held by Harbin Light Industry. The consideration payable by the Company for the acquisition is RMB60 million (approximately HK$62.6 million), which will be satisfied by the Company through the allotment and issuance of 50,040,000 shares of the Company at an issue price of HK$1.25 per share. Further details of the acquisition were set out in the Company's Circular dated 28 November 2007.

On completion of the acquisition, Harbin Distillery will become a wholly-owned subsidiary of the Company. However, as the conditions precedent as set out in the sale and purchase agreement have not been fully fulfilled, the acquisition has not been completed as at the date of this report.

Business and financial review

The results generated from the BAPP Ethanol Group and CEC Ethanol Group (collectively, the "New Business") were presented as continuing operations while the results generated from the Old Businesses were presented as discontinued operations.

For the year ended 31 December 2007, loss attributable to equity holders of the Company was approximately HK$34.8 million (2006: HK$26.0 million as restated). The increase in loss was mainly attributable to the recognition of share option expenses of approximately HK$15.3 million (2006: Nil) in respect of 29,600,000 share options granted during the year. Loss per share for the year was HK7.8 cents (2006: HK8.1 cents as restated).

Continuing operations

The Group has transformed to focus its development on ethanol business since 19 July 2007. The ethanol business is still at initial and developing stage. The Group recorded a turnover of approximately HK$65.8 million from its continuing operations, of which the CEC Ethanol Group contributed a turnover of approximately HK$65.5 million. As the CEC Ethanol Group is currently developing a 150,000 tonne ethanol production facility in Harbin, the PRC, its turnover during the year was mainly arising from sale and distribution of ethanol which were produced by a connected party on a tolling basis. However, in November 2007, the connected party ceased its operation and since then, the CEC Ethanol Group recorded no turnover and began to accelerate its pace of construction. The phase one 60,000 tonne capacity production facility is expected to be completed by May 2008 and CEC Ethanol Group will commence operation and start to generate revenue to the Group. The BAPP Ethanol Group has commenced limited production during the year due to seasonality of crop harvest, and hence, its contribution to the Group's turnover was minimal.

Loss attributable to equity holders of the Company from continuing operations was approximately HK$32.8 million (2006: HK$6.1 million), including share option expenses of approximately HK$15.3 million (2006: Nil).

Discontinued operations

Loss attributable to equity holders of the Company from discontinued operations was approximately HK$2.0 million (2006: HK$19.9 million as restated). The Group recorded a gain on disposal of discontinued operations of approximately HK$9.6 million. However, the gain was not sufficient to offset the loss incurred from the discontinued operations.

Prospects

The worldwide ethanol market is growing and expected to grow rapidly in the coming years due to governmental policies of using ethanol as fuel or a fuel additive in many countries, including China. Initially, the Group will enter into the ethanol market through the consumable ethanol sector. With the Group's proprietary technology that allows the use of non-feedstock in the production process, the Group is able to manufacture ethanol on a more cost-effective basis than traditional processes. The Group will also explore the options of cooperating with ethanol producers by joint venture or by technology licensing.

In the medium term, the Group will also penetrate the fuel ethanol sector. As most existing and proposed production processes for ethanol in China are mainly based on corn or other feedstock, the Group's proprietary technology is well positioned to receive a licence for fuel ethanol.

The directors believe that the potential in the ethanol business is enormous and will improve the Group's earnings base in the coming years.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the year, the issued share capital of the Company increased by 234,000,000 shares to 566,000,000 shares. On 18 June 2007, the Company raised net proceeds of approximately HK$91.8 million by way of a top-up placing of 58,000,000 shares at HK$1.62 each. The net proceeds have been and will be used for the Group's general working capital purposes. On 19 July 2007, a total of 176,000,000 shares at HK$1.25 each were allotted and issued as consideration for acquiring the New Business. Apart from options to subscribe for shares in the Company, there were no other capital instruments in issue.

As at 31 December 2007, the Group has net current assets of approximately HK$44.8 million (2006: HK$24.7 million) and equity attributable to equity holders of the Company of approximately HK$289.6 million (2006: HK$3.0 million as restated). The significant increase in net current assets and equity attributable to equity holders of the Company was mainly attributable to the deconsolidation of the Old Businesses and the consolidation of the New Business. Bank and cash balances amounted to approximately HK$32.9 million as at 31 December 2007 (2006: HK$8.6 million).

Except for an amount due to a minority shareholder of a subsidiary of approximately HK$32.0 million, the Group had no other borrowings as at 31 December 2007 (2006: HK$79.2 million). The amount due to a minority shareholder of a subsidiary is interest-free and has no fixed terms of repayment. The gearing ratio of the Group as at 31 December 2007, calculated as total debt divided by equity attributable to equity holders of the Company, was approximately 21% (2006: 4032%). The significant decrease in borrowings and gearing ratio of the Group was mainly due to the release of the amount due to immediate holding company of approximately HK$76.2 million following the disposal of the Old Businesses.

As the Group's business transactions, assets and liabilities are principally denominated in Hong Kong dollars and Renminbi, the Group's exposure to exchange rate risk is limited. It is the Group's treasury policy to manage its foreign currency exposure only when its potential financial impact is material to the Group. The Group will continue to monitor its foreign exchange position and, if necessary, utilise hedging tools, if available, to manage its foreign currency exposure.

CHARGE ON ASSETS

As at 31 December 2007, there was no charge on the Group's assets (2006: Nil).

CONTINGENT LIABILITIES

As at 31 December 2007, the Group had no material contingent liabilities (2006: Nil).

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2007, the Group had approximately 148 (2006: 2,088) employees with total staff costs amounted to approximately HK$41.2 million (2006: HK$39.7 million). Following the disposal of the Group's labour-intensive Old Businesses, the headcount decreased. However, as the Group adopted a share option scheme to provide incentives to the employees during the year, the recognition of share option expenses of approximately HK$15.3 million increased the staff cost significantly. Remuneration of employees is offered at competitive standards, generally structured with reference to market terms and individual qualifications.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

REVIEW OF FINANCIAL STATEMENTS

The consolidated financial statements of the Group for the year ended 31 December 2007 have been reviewed by the audit committee.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2007.

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

Hong Kong, 2 April 2008

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.