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## **WEALTHMARK INTERNATIONAL (HOLDINGS) LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 039)**

### **ANNOUNCEMENT**

The Company refers to its announcements dated 22 February 2005, 6 May 2005 and 7 June 2005, and wishes to update Shareholders on the status of the Inquiry and the Review.

Reference is made to the announcements of the Company dated 22 February 2005, 6 May 2005 and 7 June 2005 with respect to the Inquiry and the Review. Unless otherwise defined, capitalised terms used herein shall have the same meanings given to them in the Company's announcement dated 22 February 2005 unless the context otherwise requires.

The Company wishes to update its Shareholders on the status of the Inquiry and the Review, as follows:

1. The Company has fully implemented HLB's suggested changes to the Company's internal control systems, as described in the Company's announcement dated 6 May 2005. HLB is currently conducting an onsite visit to verify the Company's implementation of HLB's suggestions, and the Company will announce the results of HLB's findings when they are released by HLB. Based on management's discussions with HLB, it is currently anticipated that HLB will be able to release their findings by the end of September 2005. The Manual, which incorporate HLB's suggestions on compliance matters following their preliminary review of the Company's internal controls, will be adopted by the Company pending the outcome of HLB's final findings.

\* *For identification purpose only*

2. As disclosed in the Company's announcement dated 7 June 2005, HLB has been instructed to trace the fund flow for the year 2001, during which the alleged misappropriation of funds took place. This exercise is still in progress and HLB is not yet in a position to release any findings. Based on management's discussions with HLB, it is currently anticipated that HLB will be able to release their findings by the end of September 2005.
3. As a result of the change in directorships effected on 24 June 2005, the composition of the Independent Committee has changed. The Independent Committee now comprises Mr. LOKE Yu, Dr. LEUNG Kwan-Kwok and Mr. Sam ZUCHOWSKI, being the present three independent directors of the Company. Mr. LOKE Yu is the Chairman of the Independent Committee.
4. The review by the Independent Committee into the Company's affairs is ongoing. The ICAC has not yet released those books and records of the Company seized by the ICAC in connection with the Incident, however, the Company has been able to make copies of certain books and records for its internal purposes. The Independent Committee is in the process of reviewing these books and records. No conclusive findings on whether the Company has kept proper books and accounts in the past can yet be announced. It is currently anticipated that the Independent Committee will be able to conclude their findings by mid-October.
5. The Independent Committee is still in the process of investigating the relationship between CK Trading Co. Limited, Mr. Wong Chun Ping and Guangzhou Haojing Property Development Company Limited, being parties connected with cheques issued by the Company for an aggregate amount of HK\$20,800,000 in 2001, and whether HK\$17,320,000 of such funds had been used in the manner disclosed in the Company's 2001 annual report, as described in the Company's announcement of 7 June 2005. There is presently no conclusive determination as to whether there had been a misappropriation of funds from the Company in 2001. It is currently anticipated that the Independent Committee will be able to conclude their findings on this matter by the end of October.
6. The Company has finalised a Corporate Governance Manual and a Code on Ethics and Securities Transactions, as well as terms of reference for a compensation committee, finance committee and nomination committee proposed to be established, and for the existing audit committee. It is intended that these manuals, codes and terms of reference will be adopted and the proposed committees established by the Company at a Board meeting to be held in the near future.

Further announcements will be made by the Company to update Shareholders and potential investors in the Company when there are further material developments in relation to the Inquiry and Review.

Made by the order of Wealthmark International (Holdings) Limited, the board of directors of which individually and jointly accept responsibility for the accuracy of this statement.

*As at the date hereof, the executive directors are Mr. Peter Lo, Mr. David Lee Sun and Mr. Peter Jeva Au; the non-executive directors are Mr. Chau Wai-Kau, Mr. Derek Emory Ting-Lap Yeung and Mr. Thomas Greer, and the independent non-executive Directors are Dr. Leung Kwan-Kwok, Mr. Sam Zuchowski and Mr. Loke Yu.*

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

Hong Kong, 9 September 2005

Please also refer to the published version of this announcement in China Daily.