



PEACE MARK (HOLDINGS) LIMITED

(incorporated in Bermuda with limited liability)

DESPATCH OF THE CIRCULAR

A circular containing, among other things, details of the Capital Reorganisation, the grant of the general mandates to issue and repurchase Consolidated Shares, the change in board lot size of the shares of the Company, the adoption of a new share option scheme, the termination of the existing share option scheme and the notice convening the SGM, will be despatched to the Shareholders on 2nd January, 2002.

The Circular contains certain information that has not been previously released to the public. Such information is produced in this announcement.

Details of the parallel trading arrangements established with the Stock Exchange and the procedures for exchange of share certificates are summarised below.

Reference is made to the Company's announcement dated 30th November, 2001 (the "Announcement") relating to the proposed capital reorganisation involving a reduction of issued share capital and consolidation of issued share capital, grant of general mandates to issue and repurchase shares and change in board lot size of the shares of the Company. Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

(A) DESPATCH OF THE CIRCULAR

A circular containing, among other things, details of the Capital Reorganisation, the grant of the general mandates to issue and repurchase Consolidated Shares, the change in board lot size of the shares of the Company, the adoption of a new share option scheme and the termination of the existing share option scheme (as further explained below) and the notice convening the SGM, will be despatched to the Shareholders on 2nd January, 2002 (the "Circular").

Expected timetable for the Capital Reorganisation

The expected timetable for the Capital Reorganisation is set out as follows:

2002

| | |
|---|--------------------------------------|
| Latest time for lodging proxy forms for the SGM | 10:00 a.m. on Tuesday, 22nd January |
| Date of the SGM | 10:00 a.m. on Thursday, 24th January |
| Effective date of the Capital Reorganisation | Friday, 25th January |
| Dealings in Consolidated Shares commence | 10:00 a.m. on Friday, 25th January |
| First day of free exchange of existing share certificates for Shares for new share certificates for Consolidated Shares | Friday, 25th January |
| Temporary counter for trading in Consolidated Shares in board lots of 100 Consolidated Shares (in the form of existing share certificates for Shares) opens | 10:00 a.m. on Friday, 25th January |
| Existing counter for trading in Shares in board lots of 2,000 Shares temporarily closes | 10:00 a.m. on Friday, 25th January |
| Existing counter for trading in Consolidated Shares in board lots of 10,000 Consolidated Shares (in the form of new share certificates for Consolidated Shares) reopens | 10:00 a.m. on Friday, 8th February |
| Parallel trading in Consolidated Shares (in the form of existing and new share certificates) commences | 10:00 a.m. on Friday, 8th February |
| Designated broker starts to stand in the market to provide matching service | Friday, 8th February |
| Temporary counter for trading in Consolidated Shares in board lots of 100 Consolidated Shares (in the form of existing share certificates for Shares) closes | 4:00 p.m. on Wednesday, 6th March |
| Last day for designated broker to stand in the market to provide matching service | Wednesday, 6th March |
| Parallel trading in Consolidated Shares (in the form of existing and new share certificates) ends | 4:00 p.m. on Wednesday, 6th March |
| Last day of free exchange of existing share certificates for Shares for new share certificates for Consolidated Shares | Monday, 11th March |

(B) ADDITIONAL INFORMATION

The Circular contains certain information that has not been previously released to the public. Such information is produced in this announcement below:

Adoption of the new share option scheme

It is proposed that subject to the approval of the Shareholders of the adoption of the new share option scheme (the "New Share Option Scheme") at the SGM, the existing share option scheme will be terminated with effect from the conclusion of the SGM and the New Share Option Scheme will take effect, subject to the approval of the Stock Exchange, on the date

of adoption. Operation of the New Share Option Scheme will commence after all the conditions precedent have been fulfilled. A summary of the principal terms of the New Share Option Scheme is set out in Appendix II to the Circular.

(C) PARALLEL TRADING ARRANGEMENTS AND ODD LOT FACILITIES

From 25th January, 2002, the original counter for trading in the Shares in board lots of 2,000 Shares will be temporarily closed. A temporary counter will be established for trading in the Consolidated Shares in board lots of 100 Consolidated Shares. Every 20 Shares will be deemed to represent 1 Consolidated Share. Existing share certificates for the Shares may only be traded at this temporary counter.

With effect from 8th February, 2002, the original counter for trading in Shares will be reopened for trading in Consolidated Shares in board lots of 10,000 Consolidated Shares.

From 8th February, 2002 to 6th March, 2002 (both dates inclusive), there will be parallel trading at the above two counters.

The temporary counter for trading in the Consolidated Shares in board lots of 100 Consolidated Shares will be removed after the close of trading on 6th March, 2002. Thereafter, trading will be in Consolidated Shares in board lots of 10,000 Consolidated Shares only and the existing share certificates for the Shares will cease to be marketable and will not be acceptable for dealing purpose. However, such share certificates will remain effective as documents of title.

In order to facilitate the trading of odd lots (if any), the Company has appointed Kingsway SW Securities Limited as an agent to arrange for the sale and purchase of odd lots on behalf of the Shareholders and potential investors. During the period from Friday, 8th February, 2002 to Wednesday, 6th March, 2002 (both dates inclusive), holders of Consolidated Shares who wish to take advantage of this facility either to dispose of their odd lots or to top them up to a full board lot may contact Kingsway SW Securities Limited during the aforesaid period as follows:

| Contact person | Address | Telephone number |
|------------------------|--|------------------|
| Mr. Ho Sai Hang, Vitus | 5th Floor, Hutchison House 10 Harcourt Road, Central Hong Kong | (852) 2283 7111 |

Holders of Consolidated Shares in odd lots should note that the matching of odd lots is not guaranteed.

(D) FREE EXCHANGE OF SHARE CERTIFICATES FOR THE CONSOLIDATED SHARES

Subject to the passing of the resolutions approving the Capital Reorganisation, Shareholders may, on or after Friday, 25th January, 2002 until Monday, 11th March, 2002, submit share certificates for the Shares to the Company's Hong Kong branch share registrar, Secretaries Limited, at 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong, for exchange, at the expense of the Company, for share certificates for the Consolidated Shares. Thereafter, share certificates for the Shares will be accepted for exchange for share certificates for the Consolidated Shares only on payment of a fee of HK\$2.50 (or such higher amount as may be stipulated in the Listing Rules from time to time) for each new share certificate to be issued or each old share certificate submitted, whichever number of share certificates is higher.

In order to distinguish between the existing and the new share certificates, share certificates for the Consolidated Shares will be green in colour, which is different from the existing share certificates for the Shares, which are yellow and pink in colour.

It is expected that new share certificates for the Consolidated Shares will be available for collection on or after the 10th business day from the date of submission of the existing share certificates for the Shares to the Company's Hong Kong branch share registrar at the above address. Unless otherwise instructed, new share certificates for the Consolidated Shares will be issued in the board lot size of 10,000 Consolidated Shares.

Shareholders are recommended to consult their professional advisers if they are in any doubt as to the above procedures.

By Order of the Board
Chau Cham Wong, Patrick
Chairman

Hong Kong, 31st December, 2001

Please also refer to the published version of this announcement in Hong Kong iMail and Hong Kong Economic Journal.