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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Peace Mark (Holdings) Limited, you should at once hand this document to purchaser or transferee to the bank, the stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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**Peace Mark (Holdings) Limited**  
(Incorporated in Bermuda with limited liability)

**SCRIP DIVIDEND SCHEME**

**IN RELATION TO THE INTERIM DIVIDEND**

**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2002**

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## DEFINITIONS

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*In this circular, the following expressions shall have the following meanings unless the context otherwise requires:*

“2002 Interim Dividend”	the interim dividend of HK\$0.015 per Share for the six months ended 30 September 2002 payable on Monday, 17 February 2003 to the shareholders whose names were recorded on the registers of members of the Company at the close of business on Tuesday, 24 December 2002;
“2002 Interim Scrip Dividend Scheme”	the scheme approved by the Directors on 4 December 2002 in relation to the 2002 Interim Dividend to offer to the Eligible Shareholders to elect to receive such dividend wholly or partly by allotment of new Shares credited as fully paid in lieu of cash;
“Company”	Peace Mark (Holdings) Limited, a company incorporated in Bermuda and whose shares are listed on the Stock Exchange;
“Directors”	the directors of the Company;
“Eligible Shareholders”	shareholders of the Company whose names were recorded on the registers of members of the Company at the close of business on Tuesday, 24 December 2002 save and except for those shareholders whose respective addresses as recorded on the registers of members of the Company as being located outside Hong Kong at that time;
“Group”	the Company and its subsidiaries (within the meaning of the Companies Ordinance of Hong Kong (Chapter 32 of the Laws of Hong Kong));
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Interim Scrip Dividend Shares”	new Shares to be issued and credited as fully paid under the 2002 Interim Scrip Dividend Scheme;

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## DEFINITIONS

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“Option Holders”	holders of share option granted by the Company under the Share Option Scheme but not yet exercised;
“Share(s)”	ordinary share(s) of par value HK\$0.10 each in the capital of the Company;
“Share Option Scheme”	the share option scheme adopted by the Company on 24 January 2002; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

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## LETTER FROM THE BOARD

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### Peace Mark (Holdings) Limited

(Incorporated in Bermuda with limited liability)

*Executive Directors:*

Mr. Chau Cham Wong, Patrick (*Chairman*)  
Mr. Leung Yung (*Managing Director*)  
Mr. Tsang Kwong Chiu, Kevin  
Mr. Man Kwok Keung  
Mr. Cheng Kwan Ling

*Registered Office:*

Clarendon House  
Church Street  
Hamilton HM11  
Bermuda

*Independent Non-executive Directors:*

Sir Oswald Cheung, C.B.E., L.L.D., D. Soc.Sc., J.P.  
Ms. Susan So  
Mr. Kwok Ping Ki, Albert

*Principal Office:*

Unit 3 12th Floor  
Cheung Fung Industrial Building  
23-39 Pak Tin Par Street  
Tsuen Wan Hong Kong

3 January 2003

*To the Shareholders and Option Holders*

Dear Sir or Madam,

**SCRIP DIVIDEND SCHEME  
IN RELATION TO THE INTERIM DIVIDEND  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2002**

#### **INTRODUCTION**

On 4 December 2002, it was announced that the Directors declared the 2002 Interim Dividend. It was also announced that the Eligible Shareholders may elect to receive the 2002 Interim Dividend wholly or partly in Interim Scrip Dividend Shares. The shareholders of the Company may exercise their options to receive an allotment by the Company of shares credited as fully paid by way of capitalization of profits in lieu of cash dividend. Those shareholders of the Company whose respective addresses as recorded in the registers of members of the Company as being located outside Hong Kong will not be permitted to participate in the 2002 Interim Scrip Dividend Scheme and will receive the 2002 Interim Dividend wholly in cash. No form of election is required if shareholders choose to receive the 2002 Interim Dividend wholly in cash.

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The purpose of this circular is to set out the procedures which apply in relation to the 2002 Interim Dividend Scheme and the action to be taken by the Eligible Shareholders in relation thereto.

### **PARTICULARS OF THE 2002 INTERIM SCRIP DIVIDEND SCHEME**

Each Eligible Shareholder of the Company shall have the following choices in respect of the 2002 Interim Dividend:

- (a) a cash dividend of HK\$0.015; or
- (b) an allotment of such number of new Shares credited as fully paid and having an aggregate market value (as described below), save for adjustment for fractions, equal to the total amount of the 2002 Interim Dividend which such Eligible Shareholder would otherwise be entitled to receive in cash (such new Shares will be allotted by the Company and credited as fully-paid by way of capitalization of the Company's profits to the Eligible Shareholders electing to receive new Shares in lieu of cash dividend); or
- (c) partly in cash and partly in Interim Scrip Dividend Shares.

The Interim Scrip Dividend Shares will rank *pari passu* in all respect with the existing issued Shares except that they shall not entitle their respective shareholders to receive the 2002 Interim Dividend.

### **BASIS OF ALLOTMENT OF THE INTERIM SCRIP DIVIDEND SHARES**

For the purpose of calculating the number of Interim Scrip Dividend Shares to be allotted, the market value of Interim Scrip Dividend Shares has been set at HK\$0.219 per Shares, which is equivalent to 80% of the average closing prices of Shares quoted on the Stock Exchange for the five consecutive trading days immediately preceding and including Friday 3 January 2003. Accordingly, the number of Interim Scrip Dividend Shares which an Eligible Shareholder will receive, in respect of the existing Shares registered in that Eligible Shareholder's name as at the close of business on Tuesday, 24 December 2002 and for which election to receive the Interim Scrip Dividend Shares has been lodged with Secretaries Limited, the Company's branch share registrar in Hong Kong, of 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong (please be informed that, with effect from 13 January 2003, the location of the Company's branch share registrar will be changed to G/F, Bank of East Asia Harbour View

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Centre, 56 Gloucester Road, Wanchai, Hong Kong) on or before Monday, 27 January 2003 will be calculated as follows:

$$\begin{array}{rcl} \text{Number of Interim Scrip} & & \text{Number of existing Shares} \\ \text{Dividend Shares to be} & = & \text{held at the close of business on} \\ \text{received} & & \text{Tuesday, 24 December 2002 for} \\ & & \text{which interim scrip dividend} \\ & & \text{election is made} \end{array} \quad \times \quad \frac{\text{HK\$0.015}}{\text{HK\$0.219}}$$

The number of Interim Scrip Dividend Shares to be received by an electing Eligible Shareholder will be rounded down to the nearest whole number of the Interim Scrip Dividend Shares. No Eligible Shareholder is entitled to be issued any fraction of a Share under the 2002 Interim Scrip Dividend Scheme. Fractional entitlements to the Interim Dividend Shares will be disregarded and the benefit thereof will therefore accrue to the Company.

A press announcement dated 3 January 2003 setting out the basis of allotment of the 2002 Interim Scrip Dividend Shares was published on Monday, 6 January 2003.

### **ADVANTAGES OF THE 2002 INTERIM SCRIP DIVIDEND SCHEME**

The 2002 Interim Scrip Dividend Scheme will give the Eligible Shareholders an opportunity to increase their investment in the Company at market value without incurring brokerage fees, stamp duty and related dealing costs. The 2002 Interim Scrip Dividend Scheme will also benefit the Company because, to the extent that the Eligible Shareholders elect to receive the Interim Scrip Dividend Shares, in whole or in part in lieu of a cash dividend, such cash which would otherwise have been paid to the Eligible Shareholders will be retained for use by the Company.

### **DISCLOSURE OF INTERESTS**

Shareholders of the Company should note that the Interim Scrip Dividend Shares may give rise to notification requirements under the Securities (Disclosure of Interests) Ordinance (Chapter 396 of the Laws of Hong Kong) for those shareholders who may have notifiable interests in the Company. Shareholders of the Company who are in any doubt as to how these provisions may affect them are recommended to seek their own professional advice.

### **FORM OF ELECTION**

If you elect to receive your portion of the 2002 Interim Dividend wholly in cash or if you have already lodged a form of election electing to receive new Shares in lieu of all future cash dividends, you do not need to take any action.

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If you elect to receive your portion of the 2002 Interim Dividend wholly in Interim Scrip Dividend Shares, or partly in cash and partly in Interim Scrip Dividend Shares, you should complete and sign the enclosed form of election in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Secretaries Limited of 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong (please be informed that, with effect from 13 January 2003, the location of the Company's branch share registrar will be changed to G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong) **not later than 4:00 p.m. on Monday 27 January, 2003**. No acknowledgement of receipt of the form of election will be issued. If you do not complete and return the form of election before the time stated above, you will receive your 2002 Interim Dividend wholly in cash.

If you (i) do not specify the number of Shares held by you as at the close of business on Tuesday, 24 December 2002 in respect of which you are electing to receive an allotment of Interim Scrip Dividend Shares, or (ii) elect to receive Interim Scrip Dividend Shares in respect of a greater number of Shares held by you as at the close of business on Tuesday, 24 December 2002 would be entitled to, then you will be deemed to have exercised your election to receive Interim Scrip Dividend Shares in respect of all the Shares of which you were registered as the shareholder at that time.

### **SHAREHOLDERS RESIDENT OUTSIDE HONG KONG**

No shareholder whose address as recorded in the registers of members of the Company as being located outside Hong Kong will be permitted to participate in the 2002 Interim Scrip Dividend Scheme. Accordingly, such shareholder will receive the 2002 Interim Dividend wholly in cash. No form of election would be sent to such shareholder.

### **STOCK EXCHANGE LISTING AND DEALINGS AND DISPATCH OF DIVIDEND WARRANTS AND/OR SHARE CERTIFICATES**

Application will be made to the Stock Exchange for the grant of the listing of, and permission to deal in, the Interim Scrip Dividend Shares. It is expected that the dividend warrants in relation to the 2002 Interim Dividend and/or share certificates with respect to the Interim Scrip Dividend Shares will be dispatched at the risk of those entitled thereto on or about Monday, 17 February 2003. On this basis, dealings in the Interim Scrip Dividend Shares are expected to commence on Monday, 17 February 2003 subject to the proper receipt of the share certificates with respect to the Interim Scrip Dividend Shares by the relevant shareholders of the Company.

No equity or debt securities of the Company are listed on or dealt in any other stock exchange nor is listing or permission to deal in on any other exchange being or proposed to be sought.

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Dealings in Shares may be settled through the Central Clearing and Settlement System and you should seek the advice of your stockbroker or other professional adviser for details of these settlement arrangements and how such arrangements will affect your rights and interests.

### **ADJUSTMENTS IN RELATION TO SHARE OPTIONS GRANTED UNDER THE COMPANY'S SHARE OPTION SCHEMES**

In accordance with the terms of the Share Option Scheme, the Interim Scrip Dividend Shares may result in adjustments to the subscription price of and/or the number of Shares subject to the share options which had been granted pursuant to the Share Option Scheme but not yet exercised in whole as at the close of business on Tuesday, 24 December 2002. If and when any adjustments have to be made, the Company will give due notification according to the Share Option Scheme.

### **RECOMMENDATION AND ADVICE**

Whether or not it is to your advantage to receive cash or the Interim Scrip Dividend Shares, in whole or in part, depends upon your own individual circumstances, and the decision in this regard and all consequences resulting therefrom are the sole responsibility of each Eligible Shareholder. If you are in any doubt as to what to do, you should consult your professional advisers as to whether or not you are permitted to receive the 2002 Interim Dividend in scrip form or if any government or other consent is required. Eligible Shareholders who are trustees are recommended to take professional advice as to whether the choice of the Interim Scrip Dividend Share is within their powers and as to its effect having regard to the terms of the relevant trust instrument.

Yours faithfully,  
For and on behalf of the Board  
**Peace Mark (Holdings) Limited**  
**Chau Cham Wong, Patrick**  
*Chairman*