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Peace Mark (Holdings) Limited

(Incorporated in Bermuda with limited liability)

PLACING OF EXISTING SHARES AND SUBSCRIPTION FOR NEW SHARES

Sole Bookrunner and Lead Manager

CAZENOVE
Cazenove Asia Limited

The Placing and Subscription Agreement was entered into on 30 March 2004 pursuant to which (i) the Sole Bookrunner and Lead Manager has agreed to use its best efforts to place a maximum of 93,500,000 Placing Shares held by the Vendors to not less than six independent placees at the Placing Price of HK\$1.63; and (ii) the Vendors have agreed to subscribe for and the Company has agreed to allot and issue to the Vendors a maximum of 126,500,000 New Shares at the Subscription Price of HK\$1.63 subject to, among other things, the granting of the listing of, and permission to deal in, the New Shares by the Listing Committee and completion of the Placing. After deducting expenses, the net Subscription Price amounts to HK\$1.60. The Placing Price and the Net Subscription Price represent a discount of 6.9% and 8.6%, respectively to the last closing price of the Shares of HK\$1.75.

Immediately after the completion of the Placing, but before the Subscription, the combined shareholdings of the Vendors and parties acting in concert with them will be reduced from approximately 55.0% to approximately 41.5% of the existing issued share capital of the Company. Assuming the maximum number of Placing Shares are placed to the placees and the maximum number of New Shares are subscribed by the Vendors, the Vendors and parties acting in concert with them will together hold a total of approximately 50.6% of the issued share capital of the Company as enlarged by the issue of the New Shares immediately after completion of the Placing and the Subscription.

Assuming the maximum number of 126,500,000 New Shares are subscribed by the Vendors, the net proceeds from the Subscription are estimated to be approximately HK\$202 million. It is the current intention of the Directors to use the net proceeds from the Subscription as to HK\$60 million to expand the Group's production facilities; as to HK\$80 million for the development of the Group's distribution network and expansion of its sales channels in the PRC; and as to the remainder for the Group's general working capital requirements. No specific allocation has been earmarked within the funds allocated to general working capital.

At the request of the Company, the Shares and Warrants have been suspended from trading from 2:30 p.m. on 30 March 2004, pending the issue of this announcement. Application has been made by the Company for the resumption of trading in the Shares and the Warrants with effect from 9:30 a.m. on 31 March 2004.

PLACING UNDER THE PLACING AND SUBSCRIPTION AGREEMENT DATED 30 MARCH 2004

Vendors:	<p>A-ONE, a company incorporated in the British Virgin Islands, which is beneficially owned as to 50.45% by Mr. Chau Cham Wong, Patrick, the Chairman of the Company and an executive Director of the Company, and as to 49.55% by Mr. Leung Yung, an executive Director of the Company; and</p> <p>United Success, a company incorporated in the British Virgin Islands, which is wholly beneficially owned by Mr. Leung Yung.</p>
Number of Placing Shares:	<p>a maximum of 93,500,000 Shares (of which 60,987,248 Shares will be sold by United Success and up to 32,512,752 Shares will be sold by A-ONE), representing approximately 13.5% of the existing issued share capital of the Company and approximately 11.4% of the issued share capital as enlarged by the issue of the New Shares (assuming the maximum number of Placing Shares are placed to the placees and the maximum number of New Shares are subscribed by the Vendors).</p>
Placing Price:	<p>HK\$1.63 per Share, which represents a discount of approximately 6.9% to the closing price of HK\$1.75 per Share quoted on the Stock Exchange at 12:30 p.m. on 30 March 2004, the latest trading day prior to the suspension of trading in the Shares at 2:30 p.m. on 30 March 2004, and a discount of approximately 3.3% to the average closing price of the Shares of approximately HK\$1.69 per Share over the last 10 consecutive trading days up to and including 30 March 2004. The Placing Price has been determined after arms length negotiations between the Vendors, the Company and the Sole Bookrunner and Lead Manager.</p> <p>After deducting expenses, the net Subscription Price amounts to HK\$1.60. The Placing Price and the Net Subscription Price represent a discount of 6.9% and 8.6%, respectively to the last closing price of the Shares of HK\$1.75.</p>
Rights:	<p>The Placing Shares will be sold free of any encumbrances and third party rights. The placees will receive all dividends and distributions declared, made or paid after the date of the Placing and Subscription Agreement.</p>
Placees:	<p>The Sole Bookrunner and Lead Manager has agreed to use its best efforts to procure that there will be not less than six independent placees (which will be professional or institutional investors).</p>
Sole Bookrunner and Lead Manager:	<p>Cazenove.</p>
Independence of placees and the Sole Bookrunner and Lead Manager:	<p>To the best of the knowledge of the Vendors and the Company, the placees and their respective associates and the Sole Bookrunner and Lead Manager (and its beneficial owners) are not connected persons (as defined in the Listing Rules) of the Company.</p> <p>To the best of the knowledge of the Vendors and the Company, none of the placees will become substantial shareholders (as defined in the Listing Rules) of the Company on completion of the Placing and the Subscription as a result of their acquisition of Shares pursuant to the Placing.</p>

Completion of the Placing: Completion of the Placing is expected to take place on 2 April 2004 or such later date as may be agreed by the Vendors and the Sole Bookrunner and Lead Manager. The Company has been informed that all the Placing Shares have been applied for.

Force Majeure: The Sole Bookrunner and Lead Manager is entitled, on the occurrence of certain events (including a material breach of any of the undertakings, representations and warranties set out in the Placing and Subscription Agreement, and material adverse change in the financial position of the Company), to terminate the Placing and Subscription Agreement by giving notice to the Company and the Vendors at any time prior to completion of the Placing.

SUBSCRIPTION UNDER THE PLACING AND SUBSCRIPTION AGREEMENT DATED 30 MARCH 2004

Subscriber: The Vendors

Issuer: The Company

Number of New Shares: The Company has agreed to allot and issue to the Vendors and the Vendors have agreed, conditionally as referred to below, to subscribe for up to 126,500,000 New Shares (of which up to 82,512,159 Shares shall be subscribed for by United Success and up to 43,987,841 Shares shall be subscribed for by A-ONE) at the Subscription Price.

Assuming the maximum number of New Shares are subscribed by the Vendors, the New Shares represent approximately 18.3% of the existing issued share capital of the Company and approximately 15.5% of the issued share capital of the Company as enlarged by the issue of the New Shares.

If the number of Placing Shares placed by the Sole Bookrunner and Lead Manager is less than 93,500,000 Shares, the Shares placed by the Vendors will be scaled down proportionally. The number of New Shares to be subscribed by the Vendors will be reduced accordingly.

The proportion of New Shares to be subscribed for by A-ONE and United Success will be in the same proportion of the Placing Shares sold by them respectively pursuant to the Placing.

The number of Shares so subscribed by each of A-ONE and United Success shall not be (a) less than the number of Placing Shares sold by them pursuant to the Placing; and (b) the aggregate percentage shareholding held by the Vendors and parties acting in concert with them after the completion of the Subscription shall not exceed 55.0%, being the aggregate percentage shareholding of the Vendors and parties acting in concert with them immediately before the Placing and the Subscription.

Subscription Price:	<p>HK\$1.63 per Share, which is equivalent to the Placing Price.</p> <p>All the commission, costs, and expenses incurred in relation to the Placing and the Subscription will be borne by the Company and interest accrued on the net Placing proceeds from the date of completion of the Placing to the date of completion of the Subscription will be retained for the benefit of the Company. A commission of 2.5% of the gross price from the Placing is payable as placing commission.</p> <p>Taking into account the abovementioned expenses, the net subscription price per New Share is HK\$1.60.</p>
General mandate to issue New Shares:	<p>The New Shares will be issued under the general mandate granted to the Directors pursuant to a resolution passed by the shareholders of the Company in a general meeting held on 1 August 2003.</p>
Ranking:	<p>The New Shares, when fully paid, will rank pari passu with all the existing Shares of the Company in issue as at the date of issue of the New Shares.</p>
Conditions and completion of the Subscription:	<p>The Subscription by the Vendors of the New Shares is conditional upon the satisfaction of the following conditions by not later than 13 April 2004 (or such later date as may be agreed between the Sole Bookrunner and Lead Manager, the Vendors and the Company):</p> <ul style="list-style-type: none"> (i) Completion of the Placing; (ii) The granting of the listing of, and permission to deal in, the New Shares by the Listing Committee; and (iii) if necessary, the Bermuda Monetary Authority approving or agreeing to approve the allotment, issue and subsequent transfer of the New Shares.
Completion of the Subscription:	<p>Completion of the Subscription is expected to be on or before 13 April 2004, being the date falling fourteen days from the date of the Placing and Subscription Agreement. In the event that the Subscription is not completed within fourteen days from the date of the Placing and Subscription Agreement, the Subscription will constitute a connected transaction of the Company under the Listing Rules and it will need to fully comply with the applicable requirements of Chapter 14 of the Listing Rules, including an independent shareholders' approval.</p>
Lock-up:	<p>Pursuant to the Placing and Subscription Agreement, each of the Vendors, Mr. Chau Cham Wong, Patrick and Mr. Leung Yung has undertaken to the Sole Bookrunner and Lead Manager that, prior to the expiry of the period of six months from the date of the Placing and Subscription Agreement, it will not and will procure that none of its nominees will sell or otherwise dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares (including the New Shares but excluding the Placing Shares) or any interests therein, without the prior written consent of the Sole Bookrunner and Lead Manager.</p>

Pursuant to the Placing and Subscription Agreement, the Company has undertaken to the Sole Bookrunner and Lead Manager that, prior to the expiry of the period of six months from the date of the Placing and Subscription Agreement, it will not allot or issue or agree to allot or issue (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares, except for (i) the New Shares to be allotted and issued to the Vendors pursuant to the Subscription or (ii) Shares or interests in Shares issued pursuant to the exercise of the options which may be granted under the share option scheme of the Company from time to time in force or an issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the bye-laws of the Company or (iii) Shares issued on the exercise of Warrants in issue as at the date of the Placing and Subscription Agreement, without the prior written consent of the Sole Bookrunner and Lead Manager.

Application for listing: Application will be made to the Listing Committee for the granting of the listing of, and permission to deal in, the New Shares.

EFFECT OF THE PLACING AND THE SUBSCRIPTION

The effects on the shareholding structure of the Company pursuant to the Placing and the Subscription are as follows:

	At present		Immediately after completion of the Placing but before Subscription <i>(Note 1)</i>		Immediately after completion of the Placing and Subscription <i>(Note 2)</i>	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
A-ONE	254,613,398	36.8	222,100,646	32.1	266,088,487	32.6
United Success	60,987,248	8.8	–	0	82,512,159	10.1
Mr. Chau Cham Wong	64,621,369	9.4	64,621,369	9.4	64,621,369	7.9
Vendors and parties acting in concert	380,222,015	55.0	286,722,015	41.5	413,222,015	50.6
Other Directors	6,191,459	0.9	6,191,459	0.9	6,191,459	0.8
Placees	0	0.0	93,500,000	13.5	93,500,000	11.4
Public	304,340,057	44.1	304,340,057	44.1	304,340,057	37.2
Total	690,753,531	100.00	690,753,531	100.00	817,253,531	100.00

Notes:

1. Assuming the maximum number of 93,500,000 Placing Shares are placed to the placees.
2. Assuming the maximum number of 93,500,000 Placing Shares are placed to the placees and the maximum number of 126,500,000 New Shares are subscribed by the Vendors.
3. The above figures assume that, other than the New Shares, no new Shares are issued and no existing Shares are purchased by the Company and, other than the Placing Shares, no Shares are sold or purchased by the Vendors or parties acting in concert with them, in each case after the date of this announcement up to the date of completion of the Subscription.

Prior to the Placing, the Vendors are the controlling shareholders of the Company and, together with parties acting in concert with them, hold approximately 55.0% of the Company's existing issued share capital. Immediately after the completion of the Placing, but before the Subscription, the combined shareholding of the Vendors and parties acting in concert with them will be reduced to approximately 41.5% of the existing issued share capital of the Company. Assuming the maximum number of Placing Shares are placed to the placees and the maximum number of New Shares are subscribed by the Vendors, the Vendors and parties acting in concert with them will together hold a total of approximately 50.6% of the issued share capital of the Company as enlarged by the allotment of the New Shares immediately after completion of the Placing and the Subscription.

REASONS FOR THE PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS

The principal business activity of the Group is the manufacture, trading, distribution and retail of timepieces.

The Directors estimate that assuming the maximum number of New Shares are subscribed by the Vendors, the net proceeds of the Subscription will amount to approximately HK\$202 million. It is the current intention of the Directors to use the net proceeds from the Subscription as to HK\$60 million, to expand the Group's production facilities as to HK\$80 million, for the development of the Group's distribution network and expansion of its sales channels in the PRC and as to the remainder, for the Group's general working capital requirements. No specific allocation has been earmarked within the funds allocated to general working capital.

Other than pursuant to the exercise of Warrants, the Company did not have any equity fund raising activities in the past twelve months.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, the Shares and Warrants have been suspended from trading on the Stock Exchange from 2:30 p.m. on 30 March 2004, pending the issue of this announcement. Application has been made by the Company for the resumption of trading in the Shares and Warrants with effect from 9:30 a.m. on 31 March 2004.

DEFINITIONS

“A-ONE”	A-ONE Investments Limited, a company incorporated under the laws of the British Virgin Islands which is beneficially owned as to 50.45% by Mr. Chau Cham Wong, Patrick, the Chairman and an executive Director and as to 49.55% by Mr. Leung Yung, an executive Director.
“Cazenove” or “Sole Bookrunner and Lead Manager”	Cazenove Asia Limited, a deemed licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the Sole Bookrunner and Lead Manager of the Placing
“Code”	the Hong Kong Code on Takeovers and Mergers
“Company”	Peace Mark (Holdings) Limited
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“New Shares”	<p>up to a maximum of 126,500,000 new Shares (of which up to 82,512,159 Shares shall be subscribed for by United Success and up to 43,987,841 Shares shall be subscribed for by A-ONE) to be subscribed by the Vendors at the Subscription Price under the Placing and Subscription Agreement.</p> <p>If the number of Placing Shares placed by the Sole Bookrunner and Lead Manager is less than 93,500,000 Shares, the Shares placed by the Vendors will be scaled down proportionally. The number of New Shares to be subscribed by the Vendors will be reduced accordingly. The proportion of New Shares to be subscribed for by A-ONE and United Success will be in the same proportion of the Placing Shares sold by them respectively pursuant to the Placing. The number of Shares so subscribed by each of A-ONE and United Success shall not be (a) less than the number of Placing Shares sold by them pursuant to the Placing; and (b) the aggregate percentage shareholding held by the Vendors and parties acting in concert with them after the completion of the Subscription shall not exceed 55.0%, being the aggregate percentage shareholding of the Vendors and parties acting in concert with them immediately before the Placing and the Subscription.</p>
“Placing”	the placing of the Placing Shares by the Sole Bookrunner and Lead Manager, on behalf of the Vendors pursuant to the Placing and Subscription Agreement
“Placing and Subscription Agreement”	the placing and subscription agreement entered into on 30 March 2004 between the Vendors, Mr. Chau Cham Wong, Patrick, Mr. Leung Yung, the Company and the Sole Bookrunner and Lead Manager in relation to the Placing and the Subscription
“Placing Price”	HK\$1.63 per Placing Share
“Placing Shares”	up to a maximum of 93,500,000 Shares currently owned by the Vendors (of which up to 60,987,248 Shares will be sold by United Success and up to 32,512,752 Shares will be sold by A-ONE)
“PRC”	the People’s Republic of China
“SFC”	Securities and Futures Commission of Hong Kong
“Share(s)”	Share(s) of nominal value of HK\$0.10 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	The subscription for the New Shares by the Vendors at the Subscription Price pursuant to the Placing and Subscription Agreement
“Subscription Price”	HK\$1.63 per New Share
“United Success”	United Success Enterprises Limited, a company incorporated under the laws of the British Virgin Islands which is wholly beneficially owned by Mr. Leung Yung, an executive Director
“Vendors”	<p>(i) A-ONE; and</p> <p>(ii) United Success</p>

“Warrants”

2005 warrants of the Company which are listed on the Stock Exchange

By Order of the Board
Peace Mark (Holdings) Limited
Chau Cham Wong, Patrick
Chairman

Hong Kong, 30 March 2004

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Please also refer to the published version of this announcement in The Standard.