



Peace Mark (Holdings) Limited

(Incorporated in Bermuda with limited liability)

(Website: <http://www.peacemark.com>)

(Stock Code: 0304)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER, 2007

FINANCIAL HIGHLIGHTS	2007	2006	Changes %
	<i>HK\$'million</i>	<i>HK\$'million</i>	
Turnover	1,793.9	1,292.6	38.8
Earnings before interest, tax, depreciation and amortization	265.5	186.5	42.4
Profit attributable to shareholders	172.5	119.4	44.5
Earnings per share (HK cents)	16.78	12.05	39.3
Dividend per share (HK cents)	5.0	4.1	22.0
Total equity	2,249.1	1,645.1	36.7

The board of directors (the “Board”) of Peace Mark (Holdings) Limited (the “Company”) is pleased to present the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September, 2007 together with the comparative figures for the corresponding period as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 September,	
		2007	2006
		(Unaudited)	(Unaudited)
	Note	HK\$'000	HK\$'000
Turnover	3	1,793,871	1,292,624
Cost of sales		<u>(1,214,958)</u>	<u>(894,055)</u>
Gross profit		578,913	398,569
Other revenue		56,480	59,647
Selling and distribution expenses		(185,254)	(158,507)
Administrative and general expenses		(175,074)	(113,819)
Other operating expenses		<u>(20,966)</u>	<u>(9,619)</u>
Profit from operations		254,099	176,271
Share of profit (loss) of associates		2,436	(723)
Share of profit (loss) of a jointly controlled entity		1,276	(618)
Finance costs		<u>(56,372)</u>	<u>(47,117)</u>
Profit before taxation	3, 4	201,439	127,813
Taxation	5	<u>(21,646)</u>	<u>(7,300)</u>
Profit for the period		<u><u>179,793</u></u>	<u><u>120,513</u></u>
Attributable to:			
Equity holders of the Company		172,505	119,395
Minority interests		<u>7,288</u>	<u>1,118</u>
		<u><u>179,793</u></u>	<u><u>120,513</u></u>
Interim dividend	6	<u><u>52,115</u></u>	<u><u>40,704</u></u>
Earnings per share for profit attributable to equity holders of the Company during the period	7		
Basic (HK cents)		<u><u>16.78</u></u>	<u><u>12.05</u></u>
Diluted (HK cents)		<u><u>16.00</u></u>	<u><u>11.81</u></u>

CONDENSED CONSOLIDATED BALANCE SHEET

	As at 30 September, 2007 (Unaudited) HK\$'000	As at 31 March, 2007 (Audited) HK\$'000
<i>Note</i>		
Non-current assets		
Property, plant and equipment	677,435	518,010
Freehold land and interest in leasehold land	7,877	7,961
Intangible assets	251,452	239,289
Interest in associates	130,324	87,300
Interest in a jointly controlled entity	16,298	15,994
Other financial assets	269,171	181,057
Deferred tax assets	9,131	9,566
	<u>1,361,688</u>	<u>1,059,177</u>
Current assets		
Inventories	1,450,596	1,015,963
Derivative financial instruments	51,903	46,282
Other financial assets at fair value through profit or loss	29,938	6,585
Trade receivables	773,147	613,776
Trade deposits and other receivables	435,942	266,718
Cash and bank balances	1,813,314	1,460,091
	<u>4,554,840</u>	<u>3,409,415</u>
Current liabilities		
Trade and other payables	472,207	294,789
Derivative financial instruments	57,592	24,023
Interest-bearing borrowings	817,812	988,231
Obligations under finance leases	146	200
Tax payable	49,192	33,878
	<u>1,396,949</u>	<u>1,341,121</u>
Net current assets	<u>3,157,891</u>	<u>2,068,294</u>
Total assets less current liabilities	<u>4,519,579</u>	<u>3,127,471</u>
Non-current liabilities		
Interest-bearing borrowings	2,013,868	1,077,727
Obligations under finance leases	82	142
Deferred tax liabilities	12,729	13,064
	<u>2,026,679</u>	<u>1,090,933</u>
Net assets	<u>2,492,900</u>	<u>2,036,538</u>
Capital and reserves		
Share capital	104,153	99,308
Reserves	2,144,907	1,707,171
Equity attributable to equity holders of the Company	<u>2,249,060</u>	<u>1,806,479</u>
Minority interests	<u>243,840</u>	<u>230,059</u>
Total equity	<u>2,492,900</u>	<u>2,036,538</u>

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. Basis of preparation

This condensed consolidated interim financial information has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and with applicable requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”).

2. Accounting policies

The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March, 2007 except that the Group has changed certain of its accounting policies following its adoption of new Hong Kong Financial Reporting Standards (“HKFRS”), amendments to standards and interpretations (collectively referred to as the “New HKFRSs”), which have become effective for accounting periods beginning on or after 1 April, 2007. The applicable New HKFRSs adopted in this interim financial report are set out below.

HKAS 1 (Amendment)	Presentation of Financial Statements: Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions

The adoption of the above New HKFRSs did not result in substantial changes to the Group’s balance sheet and income statement.

The following new standards, amendments to standards and interpretations, which are relevant to the Group, have been issued but are not effective for the year ending 31 March, 2008 and have not been early adopted by the Group:

HKAS 23 (Revised)	Borrowing Costs
HKFRS 8	Operating Segments
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

3. Turnover and segmental information

Segment information is presented by way of geographical segments. As the Group’s turnover and operating profit were contributed solely by manufacturing, trading, distributing and retailing and related service income of timepieces products, business segments are not presented.

In determining the Group's geographical segments, segment revenue and results are based on the final destination of goods sold as follows:

	Turnover		Segment results	
	Six months		Six months	
	ended 30 September,		ended 30 September,	
	2007	2006	2007	2006
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The Americas	386,400	421,124	53,255	56,129
Asia (excluding China)	139,788	179,523	13,492	16,693
Europe	159,609	124,912	15,935	11,614
China	1,108,074	567,065	182,823	102,099
	<u>1,793,871</u>	<u>1,292,624</u>	265,505	186,535
Unallocated expenses, net			(7,694)	(11,605)
Finance costs			(56,372)	(47,117)
Profit before taxation			<u>201,439</u>	<u>127,813</u>

4. Profit before taxation

Profit before taxation is arrived at after charging (crediting):

	Six months ended	
	30 September,	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	41,077	31,303
Net exchange loss	12,837	244
Staff costs, including Directors' emoluments		
– Wages, Salaries and benefits in kind	105,835	82,316
– Pension Cost	3,434	1,607
– Share option expense	25,404	2,856
Minimum lease payments in respect of properties under operating leases	75,721	28,402
Interest expenses	56,372	47,117
Interest income	(29,671)	(21,039)
Interest income from debt instruments	(14,820)	(15,795)
Net (gain) loss on derivative financial instruments	(3,679)	1,852
Net gain on other financial assets at fair value through profit or loss	<u>(829)</u>	<u>(1,165)</u>

5. Taxation

Hong Kong profits tax has been provided at the rate of 17.5% (six months ended 30 September, 2006: 17.5%) on the estimated assessable profits. Taxation on other overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the subsidiaries of the Group operate.

	Six months ended 30 September,	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current period		
Hong Kong profits tax	10,013	6,202
The People's Republic of China (the "PRC")	9,874	760
Overseas	1,859	651
Deferred taxation		
Origination and reversal of temporary differences	(100)	(313)
	<u>21,646</u>	<u>7,300</u>

6. Interim dividend

	Six months ended 30 September,	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
2007 interim dividend declared of 5.0 HK cents (2006: 4.1 HK cents) per ordinary share	<u>52,115</u>	<u>40,704</u>

This dividend declared after the balance sheet date has not been recognized as a liability at the balance sheet date.

7. Earnings per share

The calculation of the basic and diluted earnings per share is as follows:

	Six months ended 30 September,	
	2007	2006
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company (in HK\$'000)	<u>172,505</u>	<u>119,395</u>
Weighted average number of shares for the purpose of basic earnings per share calculation (in '000)	1,028,085	990,740
Potential dilutive shares – share options (in '000)	<u>50,395</u>	<u>20,038</u>
Weighted average number of shares for the purpose of diluted earnings per share calculation (in '000)	<u>1,078,480</u>	<u>1,010,778</u>
Basic earnings per share (HK cents)	<u>16.78</u>	<u>12.05</u>
Diluted earnings per share (HK cents)	<u>16.00</u>	<u>11.81</u>

8. Trade receivables

Payment terms with customers are mainly on credit. Invoices are normally payable within 90 days to 120 days of issuance. Each customer has a pre-set maximum credit limit.

An aging analysis of trade receivables is as follows:

	As at 30 September, 2007 (Unaudited) HK\$'000	As at 31 March, 2007 (Audited) HK\$'000
Trade receivables:		
Not yet due	599,099	369,553
Overdue within 90 days	109,030	221,559
Overdue between 91 to 180 days	48,753	14,739
Overdue over 180 days	<u>16,265</u>	<u>7,925</u>
	<u>773,147</u>	<u>613,776</u>

9. Trade and other payables

An aging analysis of trade payables is as follows:

	As at 30 September, 2007 (Unaudited) HK\$'000	As at 31 March, 2007 (Audited) HK\$'000
Trade payables:		
Not yet due	143,955	67,054
Overdue within 90 days	117,663	42,300
Overdue between 91 to 180 days	7,359	16,334
Overdue over 180 days	12,208	24,806
	281,185	150,494
Accruals and other payables	191,022	144,295
	472,207	294,789

10. Contingent liabilities

As at 30 September, 2007, the Group had no material contingent liabilities. The Group has given corporate guarantees to banks in respect of general banking facilities and derivative facilities granted to associate amounting to approximately HK\$171,750,000 (31 March, 2007: HK\$268,000,000).

As at 30 September, 2007, there was no material capital commitment.

11. Post balance sheet event

On 7 December, 2007, the Company's wholly owned subsidiary A-A United Limited (the "Offeror") entered into the Major Shareholder Irrevocable Undertaking on 7 December, 2007 with the major shareholder of Sincere Watch Limited ("Sincere Watch") pursuant to which the major shareholder has agreed, subject to the Offeror proceeding with the offer to accept an offer from the Offeror in respect of its entire shareholding in Sincere Watch, representing, as at 6 December, 2007, approximately 50.67% of the issued share capital of Sincere Watch. Further details are set out in the Company's announcement on the even date.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operation

Peace Mark turned in an outstanding result for the six-month period ended 30 September, 2007, the first half of the financial year 2008 (“1H2008”).

Group Turnover for the 1H2008 amounted to HK\$1,793.9 million, an increase of HK\$501.3 million or 38.8% compared to the corresponding period last year. The growth is primarily due to increased revenue from China retail operation.

Turnover for China and Hong Kong operations increased by 95.4% to HK\$1,108.1 million. Mainland China continued to be our fastest growing market with our execution capability in expanding the market by acquisitions and organic growth.

Group EBITDA margin for 1H2008 was 14.8%, an increase of 0.4 percentage points, representing 42.4% improvement. The overall margin of the group was improved as a result of the increased turnover mix from China.

Luxury market

The luxury watch industry in general has seen tremendous growth in China and Hong Kong. Swiss Watch Federation reported that the year-to-date growth of China and Hong Kong is 70% and 43%, respectively.

The Group was operating 88 watch and jewellery shops at the end of the six-month period. An additional 8 shops were opened subsequent to the end of September resulting in a network of 95 shops in total operating in China, Hong Kong and Macau. Same-store-sales growth for the period was 20%.

The Group adopted a multi-pronged strategy to cope with the phenomenal growth of the China market and the demand of different customer target segments. In terms of retail formats, we have been operating mono- and multi- brands shops in parallel.

Tourneau

In August 2007, in addition to the 4 Tourneau stores operating in Beijing and Shanghai, the Group opened a Tourneau store of approximately 4,500 square feet at the Venetian Casino and Resort in Macau. Sales were encouraging for the store in a newly-built shopping mall and the business is expected to grow further once the Venetian becomes fully operational. In Hong Kong, a Tourneau of approximately 1,500 square feet is currently under renovation and is expected to be opened in the first quarter of year 2008. We continue to look for the best locations in China for further expansion of our presence.

Domestic Joint Venture

In addition to the joint ventures formed in various cities including Chongqing, Ningbo, Shenzhen and Chengdu, the recognition of the Shenyang joint venture as a 51% owned subsidiary was completed during the period. The financial performance of its 6 stores was consolidated accordingly, making a total of 46 joint venture shops at the end of September. The joint venture in Ningbo extended the presence in Hangzhou with 6 new stores there. We also increased the market share in Urumqi by opening up to 8 stores during the period. We recognized a very good sales performance in Urumqi. While the management resources have been committed to a substantial cross-border acquisition deal in 1H2008, the negotiations of other potential mergers and acquisitions as well as joint venture opportunities in China are underway.

Mono-brand shops

The Group has 35 mono-brand shops operating in China and Hong Kong as at the end of the six-month period. As one of the mainstream retail formats, the Group has continued to open mono-brand shops for various high-end brands in Hong Kong and China where Peace Mark has its own or joint venture operations. The Rolex shop opened February in Canton Road, Hong Kong has been performing extremely well and contributed positively to earnings for the period.

Boucheron

The Group has an agreement with Boucheron to operate Boucheron shops in Hong Kong, China and Macau. At present, the Group is operating 2 Boucheron shops in Hong Kong and Shanghai. A new shop located at Plaza 66 in Shanghai has just been opened. Another shop located at the Venetian in Macau is under renovation and is expected to be opened within this financial year. We expect to open up to 6 Boucheron boutiques by the end of December 2008.

Middle-range market

In China, both urban and rural residents' income reported significant growth for the first nine months this year with an increase of 13.2% and 14.8%, respectively.

With the increasing disposable income both in the urban and rural cities in China, the middle-range segment has been performed well. Watches come as a fashion accessory instead of merely a time device for the new generation. Given the increasing brand awareness of the middle class, imported brands have been gaining market share and to a certain extent have been out-performing local brands in many Mainland cities. We have continued to distribute and retail for over 120 brands in Greater China. The distribution and retail network in China reached 920 POS at the end of the six-month period and the same-store-sales for the period increased 21% compared to the corresponding period last year on the surging consumption and increasing brand consciousness.

There are 20 POS and 18 POS of TimeZone operating in Hong Kong and Taiwan, respectively at the end of the period. A complete Greater China network coverage makes Peace Mark a preferred distribution and retail partner in the region.

Manufacturing and US distribution

Refocusing Manufacturing

Peace Mark has been in the process of shifting its focus in manufacturing from low-end to high-end.

Slowing US consumption caused a lower than expected financial performance for the US market. Stale US economy has made buyers more cautious in forecasting order level. In order to spare the capacity for the higher-end manufacturing outsourcing of the US manufacturing business continued during the period, thus resulting in less reliance on the US market. We provided supply chain management to various mid-range brands from design, manufacturing, distribution to retailing. We had progressively increased domestic sales for own manufacturing. In accounting, the manufacturing turnover will be eliminated with the China retail turnover. We had not only diversified the brand portfolio but also represented more high-end fashion brands with mechanical movements.

Mechanical movements are a key component of high-end watches and have been in short supply on a global basis. Peace Mark plans to strengthen its mechanical watch movements manufacturing capability. In addition to Shanghai Golden Time Precision which produces approximate 50,000 pieces a year, Peace Mark entered into a preliminary agreement to acquire 51% of Tianjin Seagull Watch Company's movements factory. Capital injection of the transaction was completed in October 2007 and therefore no contribution was reported from the factory for the period. This Tianjin watch movements facility has a capacity of producing 6,000,000 pieces a year and currently the annual output is approximately 4,000,000 pieces. Together with the movements factory in Shanghai, Peace Mark has become the leader in the China mechanical watch movements market with a market share in mechanical movements manufacturing of approximately 40% and possesses superb manufacturing technology capable of producing various complications.

At the end of the six-month period, an amount of HK\$86 million was injected into the newly formed Seagull joint venture, which was in the process of capital verification for the formation of the joint venture. The Seagull joint venture enjoys a historical net profit margin of 9% in mechanical manufacturing and we expect the overall manufacturing margin will expand.

On 9 May, 2007, Peace Mark and Swissebauches entered into the agreement, pursuant to which Swissebauches appointed Peace Mark as its sole and exclusive distributor of timepiece movements manufactured by Swissebauches for an initial term of three years. This has enabled us to anchor a stable source of high quality and low price supplier of timepiece movements with the flexibility to purchase such timepiece movements according to the Group's sales needs and strategies.

On 12 September, 2007, A-One Investments Ltd, the controlling shareholder and Peace Mark entered into a call option agreement pursuant to which the controlling shareholder unconditionally granted an irrevocable and exclusive call option to Peace Mark at HK\$1.0 whereby the controlling shareholder shall transfer to Peace Mark the 100% equity interest it holds in a group of three movements manufacturers namely, Soprod, SFT and Swissebauches, which are operating in Switzerland, France and China. The call option has no expiry date.

Peace Mark had decided not to proceed with the acquisition of the group of three movements manufacturers but accepted the call option agreement, as that group has been loss-making and would impact our financial results. However, given mechanical watch movements are in huge demand and will be in short supply globally, Peace Mark would revisit and consider acquiring them in the future. The price is pre-determined as the lower of the original acquisition costs together with the shareholders' loan or the net asset value. Peace Mark enjoys the upside of the transaction should this group of manufacturers financially turn around in the short supply environment in the next few years.

Proposed Acquisition

Regarding the retail expansion plan, on the even date, Peace Mark announced that it intends to acquire a major equity interest in Sincere Watch by way of a pre-conditional voluntary general offer. Under the Listing Rules, the offer constitutes a possible major transaction for the Company requiring shareholders' approval.

Hong Kong, Singapore and China together accounted for approximately 25% of Swiss exports in 2006. In September 2007, Hong Kong, Singapore and Mainland China were the biggest, sixth biggest and seventh biggest importers of Swiss watches, respectively in terms of value. Hong Kong is the trading hub for high-end watches in North Asia whereas Singapore is a trading hub in South East Asia. Various reports support that China and India will be amongst the highest growth markets for luxury products.

With respect to geographic reach, Sincere presently operates luxury watch retail shops in several markets where Peace Mark has no existing operations, namely Singapore, Malaysia, Thailand, India, Australia, South Korea and Indonesia. Approximately, 72.5% of its revenue was derived from South East Asia and 27.5% from North Asia, mainly Hong Kong and China. An exposure to these markets is in line with Peace Mark's strategy of being a major regional player with a balanced established and high growth markets in the luxury watch retail segment.

The transaction with Sincere Watch will allow Peace Mark to increase its exposure to the luxury segment on a larger scale and within a shorter timeframe than would be possible through organic expansion. Another key related element is the combined management depth of Peace Mark and Sincere Watch, which will create synergy effect.

Brand management

Milus has put a lot of emphasis on design and its effort was recognized by one of the most representative organizations in France. On 5 December, 2007, Milus has been honoured with the first prize in the <Ladies Watch> category with its MERE TriRetrograde Seconds Skeleton in the “Prix Officiel de La Revue des Montres” announced by La Revue des Montres. The “Prix Officiel de la Revue des Montres” laureates the novelties of the most renowned brands of the watch industry for their creative research, quality and innovation. The jury is comprised of 10 members from the experts and journalists specialized in the watch industry including the Presidents of Swiss Watch Federation.

Corporate Governance and Investor Relationship

On 28 November, 2007, the Board of Directors was pleased to receive the “Directors Of The Year Awards 2007” non-Hang Seng Index Constituents Board category. The award is representative of the recognition from the financial community of Peace Mark’s relentless efforts to improve the Group’s corporate governance and enhance shareholder’s value.

During the period, we also received The Excellence Investor Relationship award by Prime magazine and The Best Investor Relations award by Capital CEO magazine in recognition our effort in communicating with the investing communities.

Prospect

Looking forward to the rest of the 2008 financial year, a combination of external growth and internal growth as well as leveraging the balance sheet will be the core of our corporate expansion strategies.

We are considering cross-border expansion in the luxury watch division in order to be successful in the long-term. Various factors have been considered and weighted to explore new markets. Given the fine differentiation in the products we are selling through the network, size matters as smaller players cannot compare in terms of scale benefits in purchasing. Peace Mark has to set the barrier to entry higher to increase its competitiveness and market position.

The intended acquisition of Sincere Watch if successful would result in a more balanced and diversified market for Peace Mark. With established markets like Singapore, Sincere is also expanding in high growth areas like India and Vietnam. Since approximately 27.5% of its revenue was derived from Hong Kong and China, the acquisition would bring about significant contribution to Peace Mark’s its existing China and Hong Kong luxury retail division. It is expected that there will not be material overlapping in businesses and no significant restructuring in operation is needed. This combination of complementary businesses would strengthen Peace Mark’s position in the luxury watch retailing industry.

In the event that the proposed transaction is completed, the current intention is for Sincere Watch to focus on the retail business of luxury timepieces in South East Asia and other new markets like India and Vietnam, while Sincere Watch HK will be concentrated on brand management and operation of its luxury retail outlets in Hong Kong. Peace Mark’s focus will remain on retail expansion, especially in Mainland China.

We expect that the spill-over effect of sub-prime mortgage crisis will lead to a further slowdown in the US consumption. We will continue to shift the focus from volume manufacturing to value-added manufacturing, in particular mechanical movements.

We remain highly optimistic about the financial and operational performance for the year 2008.

Financial Review

Financing and Liquidity

As at 30 September, 2007, the net gearing of the Group was 45.3% and the cash balance was at HK\$1,813.3 million. The net gearing was expressed as a percentage of total borrowings less cash on hand to Shareholders' equity.

In June 2007, a syndicated loan amounting to HK\$1.2 billion was completed. This is a 4-year loan with the proceeds raised for the purposes of refinancing the then existing HK\$630 million syndicated loan and for future working capital of the expansion plan. The grace period is 24 months and the loan is to be repaid by semi-annual installments. The term loan portion of the loan carries an interest rate of 46 basis points over the Hibor and the revolving portion is being charged at a rate of 52 basis point over the Hibor.

Regarding the proposed acquisition mentioned above, Sincere Watch was valued at S\$530 million, equivalent to approximately HK\$2.8 billion. The consideration is to be paid by way of a combination 80% by cash and 20% in Peace Mark shares. Given a turnout of 100% acceptance rate of our proposed offer, the maximum cash payment will amount to HK\$2.24 billion. The acquisition is intended to be financed by internal cash and debts.

Capital Expenditures

Capital expenditures for the period amounted to HK\$197.3 million. This is mainly for the leasehold improvements and other fixed assets additions.

Exchange and Interest Rates Exposure

All the Group's assets, liabilities and transactions are principally denominated in Hong Kong dollar, US dollar, Swiss Franc and Renminbi. As the fluctuation of these currencies during the current period has been properly hedged, the Group believes that its exposure to exchange rate movement is limited.

The Group has also actively hedged its outstanding interest bearing borrowings. Interest rate exposure has been actively monitored and hedged.

Number of Employees and Remuneration Policy

As at 30 September, 2007, the Group had a total of approximately 6,000 employees worldwide.

The remuneration packages for the senior executives and marketing staff are performance linked. Share and option scheme as well as bonus scheme are in place to ensure the employees and shareholders goals are congruent.

PURCHASE, SALES OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's shares during the period.

INTERIM DIVIDEND

The Directors have resolved to declare an interim dividend of 5.0 HK cents for the six months ended 30 September, 2007 (2006: 4.1 HK cents) payable on 17 March, 2008, to shareholders whose names appear on the register of members of the Company on Friday, 25 January, 2008. The dividend per share represents a payout ratio of 30.2%.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 23 January, 2008 to Friday, 25 January, 2008, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all share transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrars in Hong Kong, Tricor Secretaries Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:00 p.m. on Tuesday, 22 January, 2008.

CORPORATE GOVERNANCE

None of the Directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for the six months ended 30 September, 2007, in compliance with the code provisions of the Code on Corporate Governance Practice in Appendix 14 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as the Company's code of conduct and rules governing dealings by all directors in the securities of the Company. Having made specific enquiry of all directors of the Company, they all confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 September, 2007.

AUDIT COMMITTEE

The Audit Committee comprises 4 members and is chaired by Mr. Wong Yee Sui, Andrew who is a certified public accountant. Other members are Mr. Mak Siu Wing, Clifford, Mr. Kwok Ping Ki, Albert and Mr. Tang Yat Kan. All the committee members are independent non-executive directors of the Company and are well-versed in the accounting, legal and finance areas.

The Committee met with the senior management and the internal and external auditors and reviewed the accounting principles and practices adopted by the Group and other financial reporting matters, ensure the completeness, accuracy and fairness of the financial statements of the Company for the six months ended 30 September, 2007, discuss the effectiveness of the systems of internal control throughout the Group and most importantly, review all significant business affairs managed by the executive directors in particular on connected transactions.

PUBLICATION OF INTERIM REPORT ON THE STOCK EXCHANGE'S WEBSITE

The Interim report of the Company containing all information required by the Listing Rules will be published on the Company's website www.peacemark.com and the website of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and dispatched to shareholders on or before 31 December, 2007.

List of all directors of the Company as at the date of this announcement:

Executive Directors:

Chau Cham Wong, Patrick (*Chairman*)
Leung Yung (*Chief Executive Officer*)
Tsang Kwong Chiu, Kevin (*Chief Financial Officer*)
Man Kwok Keung
Cheng Kwan Ling

Independent Non-Executive Directors:

Susan So
Kwok Ping Ki, Albert
Wong Yee Sui, Andrew
Tang Yat Kan
Mak Siu Wing, Clifford

On behalf of the Board
Chau Cham Wong, Patrick
Chairman

Hong Kong, 7 December, 2007