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Peace Mark (Holdings) Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 0304)

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

CONNECTED TRANSACTION ACQUISITION OF FURTHER INTEREST IN A SUBSIDIARY

On 13 July 2007, PM China, which is a wholly-owned subsidiary of the Company, acquired from the Vendor the entire issued share capital of Beat Time which holds 10% interest in Peace Mark Tourneau, at the Consideration of US\$1,500,000 (equivalent to approximately HK\$11,670,000). Following the completion of the Acquisition, PM China holds in aggregate 75% interest in Peace Mark Tourneau.

Immediately prior to the Acquisition, the entire issued share capital of Peace Mark Tourneau was held as to (i) 65% indirectly by the Company, (ii) 25% by Tourneau Investment and (iii) 10% by Beat Time. By virtue of Beat Time being a substantial shareholder of Peace Mark Tourneau, Beat Time and the Vendor are connected persons to the Company. Based on the applicable percentage ratios calculated pursuant to the Listing Rules, the Acquisition constitutes a connected transaction (as such term is defined under the Listing Rules) for the Company under Chapter 14A of the Listing Rules and the Acquisition is only subject to the reporting and announcement requirements.

THE ACQUISITION

On 13 July 2007, PM China acquired from the Vendor the entire issued share capital of Beat Time which holds a 10% interest in Peace Mark Tourneau, at the consideration of US\$1,500,000 (equivalent to approximately HK\$11,670,000) by way of execution of an instrument of transfer and bought and sold notes. Following the completion of the Acquisition, PM China holds in aggregate 75% interest in Peace Mark Tourneau. The principal business activities of Beat Time is the holding of the 10% interest in Peace Mark Tourneau.

Peace Mark Tourneau is engaged in the supply, wholesale, retail and distribution of luxury-brand timepieces for the high-end market in China, Hong Kong, Macau and Taiwan. The unaudited net assets value of Peace Mark Tourneau as at 13 July 2007 were approximately HK\$116,251,762. The unaudited revenue and net losses (before and after taxation) of Peace Mark Tourneau for the year ended 31 March 2007 were approximately HK\$17,014,842 and HK\$805,119 respectively.

CONSIDERATION

The Consideration of US\$1,500,000 (equivalent to approximately HK\$11,670,000) payable to the Vendor by PM China under the Acquisition, by cash, was determined after arms length negotiation between PM China and the Vendor based on the original subscription cost of US\$1,500,000 (equivalent to approximately HK\$11,670,000) for the 10% equity interest in Peace Mark Tourneau held by Beat Time (details of which were disclosed in the announcement of the Company dated 31 March 2006 (the “Announcement”)).

The Consideration represents a premium of approximately 0.4% over the 10% share of the unaudited net assets value of Peace Mark Tourneau of approximately HK\$11,625,176 as at 13 July 2007.

As disclosed in the Announcement, the Group considers China luxury-brand timepiece markets having significant potential, and the Group is confident that the combination of the Group’s knowledge, experience as well as the distribution and servicing network in China together with Tourneau’s experience in world class operations in the areas of marketing, logistics, distribution and retail management, along with their established relationships with major luxury brand owners, will create a leading retail operator in China for luxury brand timepiece products. Established in 1900, Tourneau is the preeminent source for new and pre-owned watches in the United States and distributes and retails over 100 well-known brands such as Breitling, Cartier, Jaeger-LeCoultre, Omerga, Patek Philippe, Rolex and Tag Heuer in more than 8,000 unique styles. The Board believes that value of the equity interest in Peace Mark Tourneau will increase along with the expected future business growth of Peace Mark Tourneau.

The Consideration is to be funded by internal resources of the Group.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Peace Mark Tourneau was formed by PM China, Tourneau Investment and Beat Time on 31 March 2006 and was owned as to 65% by PM China, 25% by Tourneau Investment and 10% by Beat Time immediately prior to the Acquisition.

According to the Directors, the Vendor approached the Company and offered to sell its entire interest in Beat Time which in turn holds 10% equity interests in Peace Mark Tourneau, to the Company. The Company considers the terms of the offer commercially reasonable since, as mentioned above, the Group considers China luxury-brand timepiece markets having significant potential, and the Group is optimistic about the future business growth of Peace Mark Tourneau. The Acquisition will enable the Group to have a larger share of return Peace Mark Tourneau may have in the future. As such, the Company accepted the offer from the Vendor, through the acquisition of Beat Time, to acquire further 10% interests in Peace Mark Tourneau.

The Directors (including the independent non-executive Directors) consider that the terms of the Acquisition are fair and reasonable and the Acquisition is in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

PM China is a wholly-owned subsidiary of the Company. Immediately prior to the Acquisition, the entire issued share capital of Peace Mark Tourneau was held as to (i) 65% indirectly by the Company, (ii) 25% by Tourneau Investment and (iii) 10% by Beat Time. By virtue of Beat Time being a substantial shareholder of Peace Mark Tourneau, Beat Time and the Vendor are connected persons to the Company.

To the best of the knowledge of the Directors, the Vendor is one of the leading watch manufacturers and distributors in the United States of America and owns various fashion and watch brands.

Based on the applicable percentage ratios calculated pursuant to the Listing Rules, the Acquisition constitutes a connected transaction (as such term is defined under the Listing Rules) for the Company under Chapter 14A of the Listing Rules and the Acquisition is only subject to the reporting and announcement requirements.

GENERAL

The Group is a vertically integrated global timepiece company with manufacturing facilities located in China, Hong Kong and Switzerland. The Company is a global leader in its core mass-market and mid-market timepiece product segments. Core markets are in China, United States of America, Europe and (non-China) Asia. The Company is the leading distributor and retailer of international mid-range fashion brands in China.

DEFINITIONS

“Acquisition”	the acquisition by PM China from the Vendor the entire issued share capital of Beat Time, which currently holds 10% interest in Peace Mark Tourneau
“Beat Time”	Beat Time Group Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Vendor immediate prior to the Acquisition
“Board”	the board of Directors
“Company”	Peace Mark (Holdings) Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected persons”	has the same meaning as defined in the Listing Rules

“Consideration”	the consideration of US\$1,500,000 (equivalent to approximately HK\$11,670,000) of the Acquisition
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong Special Administrative Region, the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Peace Mark Tourneau”	Peace Mark Tourneau (Holdings) Limited, a company incorporated in Hong Kong with limited liability and owned as to 65% by PM China, as to 25% by Tourneau Investment and as to 10% by Beat Time immediately prior to the Acquisition
“PM China”	Peace Mark China Investment Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Shareholders”	holders of shares in the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the same meaning as defined in the Listing Rules
“Tourneau”	Tourneau, Inc., a New York corporation
“Tourneau Investment”	Tourneau Investment LLC, a limited liability company formed in and under the laws of the State of Delaware, United States of America and a wholly-owned subsidiary of Tourneau
“Vendor”	International Watch Group, a New Jersey corporation
“US\$”	United States dollar, the lawful currency of United States of America
“%”	per cent.

Unless specified otherwise, an exchange rate of US\$1.00 to HK\$7.78 has been adopted in this announcement for illustration purposes only.

On behalf of the Board
Peace Mark (Holdings) Limited
Chau Cham Wong, Patrick
Chairman

Hong Kong, 13 July 2007

As at the date of this announcement, there are five executive Directors, namely, Mr. Chau Cham Wong, Patrick, Mr. Leung Yung, Mr. Tsang Kwong Chiu, Kevin, Mr. Man Kwok Keung, Mr. Cheng Kwan Ling and five independent non-executive Directors, namely, Ms. Susan So, Mr. Kwok Ping Ki, Albert, Mr. Tang Yat Kan, Mr. Wong Yee Sui, Andrew and Mr. Mak Siu Wing, Clifford.