

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for Shares or other securities.

*This announcement is not for distribution, directly or indirectly, in or into the United States. This announcement does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States. The Shares mentioned in this announcement have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and may not be offered or sold in the United States except pursuant to registration or an exemption from the registration requirements of the Securities Act. No public offering of the Shares will be made in the United States.*



Peace Mark (Holdings) Limited

(incorporated in Bermuda with limited liability)

(Stock code: 0304)

PLACING OF NEW SHARES AND RESUMPTION OF TRADING

Placing Agents

(in alphabetical order)



On 5 June 2008, the Company entered into the Placing Agreement with the Placing Agents.

Pursuant to the Placing Agreement, the Company has agreed to issue 159,922,000 new Shares at HK\$7.90 per Share. These new Shares will be placed to not less than six placees who are expected to be independent professional, institutional and/or individual investors to be procured by the Placing Agents on a best endeavours basis.

The Placing Shares represent approximately 14.60% of the existing issued share capital of the Company of 1,095,423,174 Shares, and approximately 12.74% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The net proceeds from the Placing, after deduction of the commissions and the estimated expenses relating to the Placing, are expected to amount to approximately HK\$1,230 million, which will be used to pre-pay part of an existing term loan facility granted by the Lenders, to accelerate the Company's retail expansion plans in China and for general working capital purposes.

The Placing is conditional upon, amongst other conditions set out below, the Stock Exchange granting listing of, and permission to deal in, the Placing Shares. The Placing Shares are to be issued pursuant to the General Mandate.

At the request of the Company, trading in the Shares has been suspended with effect from 2:30 p.m. on 4 June 2008 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 6 June 2008.

THE PLACING AGREEMENT DATED 5 JUNE 2008

Parties

- (i) The Company; and
- (ii) The Placing Agents.

Number of Placing Shares

159,922,000 new ordinary shares of HK\$0.10 each in the capital of the Company.

The Placing Agents have agreed to place the Placing Shares to places on a best endeavours basis.

The Placing Shares represent approximately 14.60% of the existing issued share capital of the Company, and approximately 12.74% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. A further announcement will be made on the number of Placing Shares successfully placed upon completion of the Placing.

The Places

The Placing Agents have confirmed to the Company that: (i) the Placing Shares will be placed to not less than six professional, institutional and/or individual investors independent of the Placing Agents on a best endeavours basis; and (ii) it is expected that the places will not be connected persons of, and are third parties independent from, the Company, the Directors, the chief executive officer or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates.

The Placing Agents

To the best of the Directors' knowledge, having made all reasonable enquiries including of the Placing Agents who have represented this is the case, as at the date of this announcement, the Placing Agents are not connected with the Company or any of its subsidiaries or any of their respective associates.

The Placing Agents and their respective affiliates may engage in transactions with, and perform services for, the Company and its group companies or affiliates in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with the Company and its group companies or affiliates, for which they have received, and may in the future receive compensation.

Placing Price

HK\$7.90 per Placing Share (exclusive of brokerage (if any), Stock Exchange trading fees and SFC transaction levy), which represents:

- (i) a discount of approximately 11.04% to the closing price of HK\$8.88 per Share quoted on the Stock Exchange on 4 June 2008, being the last trading day immediately before the date of the Placing Agreement; and
- (ii) a discount of 10.53% to the average closing price of HK\$8.83 per share as quoted on the Stock Exchange from 29 May 2008 to 4 June 2008, both dates inclusive, being the last five trading days immediately prior to the issuance of this announcement.

The Placing Price has been negotiated and arrived at on an arms length basis and by reference to the market conditions. The Directors are of the opinion that the Placing Price is fair and reasonable and is in the best interests of the Company.

The net Placing Price (after deduction of the commissions and expenses relating to the Placing) is HK\$7.70 per Placing Share.

Rights

The Placing Shares will be issued and sold free of any liens, charges, encumbrances and other third party rights, and when fully paid will rank pari passu with all other issued Shares as at the date of this announcement in all respects (except that the Shares issued to Mr. Tay Liam Wee on 29 February 2008 pursuant to the Offer were issued subject to a three year lock-up which expires on 29 February 2011 and as further described in the offer document despatched by the Offeror to shareholders of Sincere Watch dated 19 February 2008).

The placees will receive all dividends and distributions declared, made or paid on or after the date of allotment and issue of the Placing Shares.

Completion of the Placing

Completion of the Placing will take place on or before 13 June 2008 or such other time and/or date as the Company and the Placing Agents may agree in writing.

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Lock-up

The Company has undertaken to the Placing Agents that, from the date of the Placing Agreement and on and prior to the date being three months after the date of the Placing Agreement it will not (without the prior written consent of the Placing Agents):

- (i) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for any Shares or interests therein, or substantially similar to any Shares or interest in Shares; or

- (ii) agree (conditionally or unconditionally) to enter into or effect any such transactions with the same economic effect as any of the transactions described in (i) above; or
- (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above.

However, the above undertaking does not apply to:

- (i) the Placing Shares to be allotted and issued to the subscribers under the Placing Agreement;
- (ii) any new Shares to be issued pursuant to the existing employee share options of the Company in issue as at the date of the Placing Agreement;
- (iii) any Shares to be allotted and issued to the shareholders of Sincere Watch who did not accept the Offer as and when such shareholders exercise their Section 215(3) Right; and
- (iv) any Shares or other securities or rights issued or granted to shareholders by way of bonus or under any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with its articles of association or on the exercise of rights existing at the date of the Placing Agreement.

Mr. Chau Cham Wong, Patrick (as chairman of the Company), Mr. Leung Yung (as chief executive officer of the Company) and A-One Investments Limited (as a substantial shareholder of the Company) have separately undertaken to the Placing Agents that:

- (i) they will not dispose of any Shares or any interest therein which would create, or be reasonably likely to create, a disorderly or false market for the Shares; and
- (ii) from the date of the Placing Agreement and up to and including the date being three months after the date of the Placing Agreement, they will not and will procure that none of their nominees, companies controlled by them or trusts associated with them (whether individually or together and whether directly or indirectly) will (without the prior written consent of the Placing Agents):
 - (a) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests therein or any securities convertible into or exercisable or exchangeable for any Shares or interests therein, or substantially similar to any such Shares or interests; or
 - (b) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (a) above is to be settled by delivery of Shares or such other securities, in cash or otherwise; or
 - (c) announce any intention to enter into or effect any such transaction described in (a) or (b) above.

Conditions to completion

The obligation of the Placing Agents to proceed to completion is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in all the Placing Shares;
- (ii) there not having come to the attention of the Placing Agents at any time prior to completion of the Placing (i) any breach of, or any event rendering untrue, incorrect, misleading or breached in any respect, any of the representations, warranties or undertakings referred to in clause 6.1 of the Placing Agreement or (ii) any material breach of, or failure to perform, any of the other obligations of the Company which are required to be performed at or before completion of the Placing;
- (iii) there not having come to the attention of the Placing Agents at any time prior to completion of the Placing (i) any suspension of dealings in the Shares for any period of more than one day except for any suspension of dealings in the Shares caused by or due to the clearance of this announcement by the Stock Exchange, or any cancellation of the listing of the Shares, on the Stock Exchange or (ii) any adverse announcement, determination, investigation, indictment or ruling of any governmental or other regulatory body and whether against the Company, any of its directors or senior management or otherwise (including delay in approval of this announcement or any other relevant announcement by any relevant stock exchange), which (in any case mentioned in (i) or (ii) above), in the opinion of the Placing Agents, would be likely to (i) prejudice materially (A) the success of the offering and distribution of the Placing Shares or (B) dealings in the Placing Shares in the secondary market, or (ii) make it (A) impractical or (B) inadvisable, to market the Placing Shares;
- (iv) there not having occurred:
 - (a) any event, or series of events, beyond the reasonable control of the Placing Agents (including, without limitation, acts of government, strikes, labour disputes, lock-outs, fire, explosion, flooding, civil commotion, economic sanctions, epidemic, terrorism, acts of war and acts of God);
 - (b) any material adverse change, or development (whether or not permanent) involving a prospective material adverse change, in the condition, financial or otherwise, or in the earnings or business affairs of the Company or the Group as a whole, whether or not arising in the ordinary course of business;
 - (c) any material adverse change or any development (whether or not permanent) involving a prospective material adverse change or any crisis in local, national or international financial, economic, legal or political conditions or foreign exchange rates or controls in Hong Kong and overseas;

- (d) any local, national or international occurrence, outbreak or escalation of hostilities whether war had been declared or not, or insurrection or armed conflict (whether or not involving financial markets);

which, in the opinion of the Placing Agents, is likely to or may (i) prejudice materially (A) the success of the offering and distribution of the Placing Shares or (B) dealings in the Placing Shares in the secondary market, or (ii) make it (A) impractical or (B) inadvisable, to market the Placing Shares;

- (v) there not having been imposed any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise at any time prior to completion of the Placing;
- (vi) the delivery to the Placing Agents at completion of the Placing of:
 - (a) an undertaking from Mr. Chau Cham Wong, Patrick, the chairman of the Company, in the form as set out in Schedule 5 of the Placing Agreement and described under the paragraph headed “Lock-Up” above;
 - (b) an undertaking from Mr. Leung Yung, the chief executive officer of the Company, in the form as set out in Schedule 6 of the Placing Agreement and described under the paragraph headed “Lock-Up” above;
 - (c) an undertaking from A-One Investments Limited, a substantial shareholder of the Company, in the form as set out in Schedule 7 of the Placing Agreement and described under the paragraph headed “Lock-Up” above;
- (vii) the delivery to the Placing Agents at completion of the Placing of legal opinions, in the agreed form, as the Placing Agents may require from legal advisers to the Company.
- (viii) the delivery to the Placing Agents at completion of the Placing of certified true copies of the board minutes of the Company duly authorising the Company to enter into the Placing Agreement.

GENERAL MANDATE TO ISSUE PLACING SHARES

The Placing Shares will be issued under the General Mandate. Under the General Mandate, up to 207,046,456 Shares, representing 20% of the issued share capital of the Company as at the date of the annual general meeting held on 23 August 2007, may be issued by the Company. As at 23 August 2007, the date of the passing of the resolution to grant the General Mandate, the issued share capital of the Company was 1,035,232,280 Shares. As at the date of this announcement, 46,586,394 Shares have been issued under the General Mandate (see paragraph headed “Issues of Shares in the Last Twelve Months” below) and the number of Shares that may be issued under the General Mandate is 160,460,062 Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Directors believe the terms of the Placing, which have been negotiated on an arm’s length basis in accordance with normal commercial terms, are fair and reasonable. The Directors consider that the Placing will broaden the shareholder base and the capital base of the Company.

The net proceeds from the Placing, after deduction of the commissions and the estimated expenses relating to the Placing, are expected to amount to approximately HK\$1,230 million, which will be used to pre-pay part of an existing term loan facility granted by the Lenders, to accelerate the Company’s retail expansion plans in China and for general working capital purposes.

Therefore, the Board considers the terms of the Placing Agreement, including but without limitation, the Placing Price, to be fair and reasonable and in the interests of the Company and its shareholders as a whole.

EFFECTS OF THE PLACING ON SHAREHOLDING STRUCTURE

The changes to the shareholding structure of the Company as a result of the Placing, assuming all Placing Shares are sold in full, are set out below:

	Shareholding as at the date of execution of the Placing Agreement		Shareholding immediately after allotment and issue of the Placing Shares	
	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>
A-One Investments Limited ⁽¹⁾	303,758,459	27.7%	303,758,459	24.2%
Mr. Chau Cham Wong, Patrick ⁽²⁾	65,631,077	6.0%	65,631,077	5.2%
United Success Enterprises Limited ⁽³⁾	28,416,795	2.6%	28,416,795	2.3%
Placees of the Placing Shares	–	–	159,922,000	12.7%
Other public shareholders of the Company	697,616,843	63.7%	697,616,843	55.6%
Total	<u>1,095,423,174</u>	<u>100%</u>	<u>1,255,345,174</u>	<u>100%</u>

Notes:

- (1) A-One Investments Limited is owned as to 50.45% by Mr. Chau Cham Wong, Patrick, the chairman of the Company, and as to 49.55% by Mr. Leung Yung, the chief executive officer of the Company.
- (2) Mr. Chau Cham Wong, Patrick is the chairman of the Company and a director of A-One Investments Limited.
- (3) United Success Enterprises Limited is 100% owned and controlled by Mr. Leung Yung.

The above figures assume that other than the Placing Shares, no further Shares are issued or repurchased by the Company and no share options are exercised, in each case on or after the date of this announcement and up to the date of completion of the Placing. Note that Shares may be issued pursuant to shareholders of Sincere Watch exercising their Section 215(3) Right following the Offer. See the paragraph headed "Issues of Shares in the Last Twelve Months" below.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended from 2:30 p.m. on 4 June 2008 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in its shares on the Stock Exchange from 9:30 a.m. on 6 June 2008.

ISSUES OF SHARES IN THE LAST TWELVE MONTHS

Pursuant to the Offer which closed at 5.30 p.m. (Singapore time) on 18 March 2008, the Company issued 45,747,971 Shares under the General Mandate to shareholders of Sincere Watch who accepted the Offer.

As at the close of the Offer at 5.30 p.m. (Singapore time) on 18 March 2008, the Offeror had acquired more than 90 per cent. of the shares of Sincere Watch, therefore shareholders of Sincere Watch who did not accept the Offer can exercise their Section 215(3) Right up to 14 July 2008 to require the Offeror to acquire their Shares for the same consideration as under the Offer. The consideration under the Offer comprised (i) S\$2.051 in cash; and (ii) 0.228 new Shares at the issue price of HK\$12.096 per new Share. As at close of business on 4 June 2008, the Company had issued 838,423 Shares under the General Mandate to shareholders of Sincere Watch who exercised their Section 215(3) Right. Further issues up to a maximum of a further 536,897 Shares may be made under the General Mandate to shareholders of Sincere Watch who exercise their Section 215(3) Right by 14 July 2008 (assuming full exercise of the Section 215(3) Right).

DEFINITIONS

“associate”	has the meaning given to it in the Listing Rules;
“Board”	the board of Directors;
“China”	the People’s Republic of China;
“Company”	Peace Mark (Holdings) Limited, a company incorporated under the laws of Bermuda whose shares are listed on the Stock Exchange;
“connected person(s)”	has the meaning given to it in the Listing Rules;
“Directors”	the directors of the Company;
“General Mandate”	the general mandate to allot and issue Shares granted to the Directors by a shareholders’ resolution passed at the annual general meeting of the Company held on 23 August 2007;
“Group”	the Company and its subsidiaries;
“HK\$” or “\$”	Hong Kong dollars, the lawful currency of the Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Lenders”	the lenders under an existing term loan facility, including but without limitation, affiliates of the Placing Agents;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Offer”	the voluntary conditional offer by the Offeror for all the issued shares in the capital of Sincere Watch, which is now closed;
“Offeror”	A-A United Limited, an indirect wholly-owned subsidiary of the Company;
“Placing”	the placing of the Placing Shares by the Placing Agents pursuant to the Placing Agreement;
“Placing Agents”	ABN AMRO Bank N.V., Hong Kong Branch and BNP Paribas Capital (Asia Pacific) Limited;

“Placing Agreement”	the placing agreement dated 5 June 2008 entered into between the Company and the Placing Agents;
“Placing Price”	HK\$7.90 per Share;
“Placing Shares”	an aggregate of 159,922,000 new Shares;
“Section 215(3) Right”	the right, under and subject to Section 215(3) of the Companies Act, Chapter 50 of Singapore, of shareholders of Sincere Watch who did not accept the Offer to require the Offeror to acquire their Shares for the same consideration as under the Offer;
“S\$”	Singapore dollars, the lawful currency of Singapore;
“SFC”	The Securities and Futures Commission;
“Shares”	ordinary shares of HK\$0.10 each in the capital of the Company;
“Sincere Watch”	Sincere Watch Limited;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder”	has the meaning given to it in the Listing Rules;
“United States” or “US”	the United States of America, including its territories and dependencies, any state of the United States and the District of Columbia.

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

Hong Kong, 5 June 2008

As at the date of this announcement, the Board comprises Mr. Chau Cham Wong, Patrick, Mr. Leung Yung, Mr. Tsang Kwong Chiu, Kevin, Mr. Man Kwok Keung, Mr. Cheng Kwan Ling and Mr. Hugues Jacques De Jaillon as executive directors, Ms. So, Susan, Mr. Kwok Ping Ki, Albert, Mr. Tang Yat Kan, Mr. Wong Yee Sui, Andrew and Mr. Mak Siu Wing, Clifford as independent non-executive directors and Mr. Tay Liam Wee as non-executive director.