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Peace Mark (Holdings) Limited

(Incorporated in Bermuda with limited liabilities)

(Stock Code: 304)

ANNOUNCEMENT

RECENT DEVELOPMENTS AND SUSPENSION OF TRADING IN SHARES

SUMMARY

The Share price dropped by approximately 59% from the closing price of HK\$3.64 per Share on 7 August 2008, being the last trading day immediately before the Company issued the first of a series of clarification announcements between 8 August 2008 and 15 August 2008 on unusual price and volume movements of the Shares, to HK\$1.50 per Share on 15 August 2008, being the last trading day immediately prior to this announcement.

Since the significant decrease in the Share price by approximately 42% to close at HK\$1.82 per Share on 11 August 2008, the Company has received enquiries from lending banks and financial institutions with regard to the financial position of the Group. Some of these lending banks and financial institutions have expressed concerns over the Group's ability to service its existing indebtedness and have withheld their Group's existing short term unsecured bilateral facilities and frozen the Group's cash balances held by the banks. Save for one demand which appears to result from a failure to comply with information covenants on the part of a subsidiary of the Company which was incorporated in the United States, the Company believes that all demands by the lending banks and other financial institutions have been precipitated by the significant decrease in the Share price.

The Group has, between 12 August 2008 and the date of this announcement, received written demands from banks and other financial institutions to repay indebtedness (and related interest and expense) in amounts totalling approximately HK\$1,216 million. The Group is currently unable to satisfy such demands. The Group has also received verbal indication from other banks or financial institutions that they intend to demand repayment of indebtedness totalling approximately HK\$186 million.

In light of the foregoing, the Company convened a meeting with its lenders on 26 August 2008 to provide an update on the Company's financial performance, to seek their continued support for the Group and to explore the possibility of a standstill or other appropriate arrangements.

Since the meeting with its lenders on 26 August 2008, the Company has been in the process of negotiating standstill arrangements through the steering committee established by the lenders. The Company has also appointed Ferrier Hodgson Limited (independent accountants) to review various financial and operational information of the Group and to prepare report(s) in this regard to the Company and its lenders.

Given the liquidity position of the Group, the uncertainty relating to further demand letters, the status of the Existing Syndicated Loan Facility, the Bridge Loan Facility and the New Syndicated Loan Facility and the fact that the report on the Company's financial and operation information has yet to be prepared by Ferrier Hodgson Limited, Shareholders and potential investors are urged to exercise caution when dealing in the securities of the Company.

The Board also wishes to inform the Shareholders that the Company has been approached by two potential investors which have expressed interests in negotiating a possible subscription of Shares, including CVC, an Independent Third Party. On 17 August 2008, the Company agreed and accepted a non-legally binding indicative offer from CVC in relation to the possible subscription of new shares of the Company. CVC withdrew their indicative offer on 29 August 2008.

The other potential investor is in the process of conducting due diligence in respect of the Group. The Company has not yet commenced negotiations with such other potential investor. There is no assurance that it will result in any agreement between the Company and such potential investor.

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended with effect from 9:30 a.m. on 18 August 2008 and will remain suspended pending the release of all price-sensitive information in the Company's possession and demonstration to the satisfaction of the Stock Exchange of the Group's compliance with Rule 13.24 of the Listing Rules.

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

RECENT DEVELOPMENTS

On 5 June 2008, the Company raised net proceeds of approximately HK\$1,230 million through a placement of new Shares. The majority of the net proceeds was used to pre-pay bank borrowings.

As stated in the announcements issued by the Company dated 8 August 2008, 11 August 2008, 12 August 2008, 14 August 2008 and 15 August 2008, the Board noted unusual price and volume movements of the Shares. The Share price dropped by approximately 59% from the closing price of HK\$3.64 per Share on 7 August 2008, being the last trading day immediately before the Company issued the first of a series of clarification announcements between 8 August 2008 and 15 August 2008 on unusual price and volume movements of the Shares, to HK\$1.50 per Share on 15 August 2008, being the last trading day immediately prior to this announcement.

As stated by the Board in the clarification announcement issued by the Company dated 11 August 2008, there is no substance in a market rumour that Mr. Tsang Kwong Chiu, Kevin, an executive Director and chief financial officer of the Company, has resigned.

The Board has also become aware of media reports dated 12 August 2008 that the controlling shareholder(s) and/or the management of the Company had pledged Shares to financial institution(s). The Board is aware of no pledges of Shares by any controlling Shareholders or the management of the Company in favour of any financial institutions which are discloseable under Rule 13.17 of the Listing Rules. The Company has been informed by A-One Investments Limited (which 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, both of them are Directors), a Shareholder holding approximately 25% interest in the Company as at the date of the announcement, that it has charged 131,388,889 Shares for the purposes of certain bonds issued by it. As of 11 August 2008, there has been no margin call on the charged Shares. The trustee of the bonds, of which ABN AMRO Bank, N.V., London Branch was the arranger, notified A-One Investments Limited on 26 August 2008 that A-One Investments Limited has failed on 21 August 2008 to deposit cash to top-up shortfall in the value of the security for the bonds. A-One Investments Limited has informed the Company that as of the date of this announcement the trustee of the bonds has not issued a written notice calling for the immediate redemption of the bonds nor has it exercised its power of sale over the Shares charged by A-One Investments Limited pursuant to the bonds.

As stated in the announcement issued by the Company dated 12 August 2008, the Board was aware of a media report dated 11 August 2008 that the bank parties to the New Syndicated Loan Facility were evaluating options with the possibility of not proceeding with the New Syndicated Loan Facility. As far as the Board was aware on 12 August 2008, the mandated co-ordinating arrangers then intended to proceed with the New Syndicated Loan Facility arrangement. However, given the recent developments, the Board wishes to state that discussions between the Company and the banks in respect of the New Syndicated Loan Facility have been suspended pending the outcome of discussions with the steering committee representing the lenders and the relevant documents have not been finalised.

As stated in the announcement issued by the Company dated 13 August 2008, the Board has received recent enquiries from certain investors and research analysts concerning the status of the Company and its management which are inaccurate and without substance and the Board confirmed that it is currently investigating the basis of such enquiries and may take appropriate actions, including but not limited to, legal proceedings against the source of such enquiries.

Since the significant decrease in the Share price by approximately 42% to close at HK\$1.82 per Share on 11 August 2008, the Company has received enquiries from lending banks and financial institutions with regard to the financial position of the Group. Some of these lending banks and financial institutions have expressed concerns over the Group's ability to service its existing indebtedness and have withheld their Group's existing short term unsecured bilateral facilities and frozen the Group's cash balances held by the banks. (Bilateral facility refers to facility provided by a lending bank for the Group's working capital purposes which is unsecured in nature.) Save for one demand which appears to result from a failure to comply with information covenants on the part of a subsidiary of the Company which was incorporated in the United States, the Company believes that all demands by the lending banks and other financial institutions have been precipitated by the significant decrease in the Share price.

The Group has, between 12 August 2008 and the date of this announcement, received written demands from banks and other financial institutions to repay indebtedness (and related interest and expense) in amounts totalling approximately HK\$1,216 million. The Group is currently unable to satisfy such demands. The Group has also received verbal indication from other banks or financial institutions that they intend to demand repayment of indebtedness totalling approximately HK\$186 million. These demands have resulted in an unexpected and significant strain on the Group's working capital and liquidity position.

Under the Existing Syndicated Loan Facility, a principal amount of HK\$240 million was due to be paid on 28 August 2008 with the remaining principal amount of HK\$960 million to be repaid in five semi-annual installments with the first installment being due and payable on 22 June 2009. The outstanding principal amount in the amount of approximately US\$201.2 million under the Bridge Loan Facility is due to be paid on 30 September 2008. The interests payment in connection with the Existing Syndicated Loan Facility and the Bridge Loan Facility of approximately HK\$9.0 million in aggregate was due on 28 August 2008.

Furthermore, as a result of the Group's failure to make repayment in accordance within the time frame set out in the aforementioned demand letters and the continued suspension of trading in the Shares, the Company has breached certain covenants set out in the Existing Syndicated Loan Facility and the Bridge Loan Facility on or around 12 August 2008.

In light of the foregoing, the Company convened a meeting with its lenders on 26 August 2008 to provide an update on the Company's financial performance, to seek their continued support for the Group and to explore the possibility of a standstill or other appropriate arrangements.

Since the meeting with its lenders on 26 August 2008, the Company has been in the process of negotiating standstill arrangements through the steering committee established by the lenders. The Company has also appointed Ferrier Hodgson Limited (independent accountants) to review various financial and operational information of the Group and to prepare report(s) in this regard to the Company and its lenders. The operation of the Group may need to be scaled down to a material extent if the financial creditors demand immediate repayment of amounts owed and if negotiations regarding a standstill or re-scheduling arrangement(s) are not successful.

As of the date of this Announcement, the Company has failed to make repayment to the principal amount of HK\$240 million under the Existing Syndicated Loan Facility and the interest accrued under the Existing Syndicated Loan Facility and the Bridge Loan Facility of approximately HK\$9.0 million which were due to be paid on 28 August 2008.

As a result of the foregoing, the daily operation of the Group has been affected since the beginning of the week of 18 August 2008 as the core management team has focused their attention on resolving the liquidity issue, attending meetings with lenders and addressing concerns raised from certain suppliers and customers. The Board advises that, as at the date of this announcement, all of its retail outlets continue to carry on their operations as usual. The Board estimates that the Group has had to delay approximately 40% of the production of the manufacturing arm of its business.

Based on the recent developments of the Group referred to above, the Board considers that it is in the best interests of the Group to continue with the suspension of trading in Shares pending further announcement(s) to be made by the Company regarding the Company's discussions with the steering committee representing the lenders.

OTHER INFORMATION

The Board also wishes to inform the Shareholders that the Company has been approached by two potential investors which have expressed interests in negotiating a possible subscription of Shares, including CVC Asia Pacific Limited ("CVC"), an Independent Third Party. On 17 August 2008, the Company agreed and accepted a non-legally binding indicative offer from CVC, in relation to the possible subscription of new shares of the Company. CVC withdrew their indicative offer on 29 August 2008.

The other potential investor is in the process of conducting due diligence in respect of the Group. The Company has not yet commenced negotiations with such other potential investor. There is no assurance that it will result in any agreement between the Company and such potential investor.

GENERAL

Further announcements will be made as and when necessary in accordance with the Listing Rules.

Given the liquidity position of the Group, the uncertainty relating to further demand letters, the status of the Existing Syndicated Loan Facility, the Bridge Loan Facility and the New Syndicated Loan Facility and the fact that the report on the Company's financial and operation information has yet to be prepared by Ferrier Hodgson Limited, Shareholders and potential investors are urged to exercise caution when dealing in the securities of the Company.

As at the date of the announcement, the Company has a total of 1,258,811,087 Shares in issue and 81,398,000 Options outstanding. Save for the aforesaid, the Company has no other securities outstanding.

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended with effect from 9:30 a.m. on 18 August 2008 and will remain suspended pending the release of all price-sensitive information in the Company's possession and demonstration to the satisfaction of the Stock Exchange of the Group's compliance with Rule 13.24 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“associates”	have the same meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors, including non-executive Directors and independent non-executive Directors, of the Company
“Bridge Loan Facility”	the US\$500 million loan facility of the Company entered into on 1 February 2008 as referred to in the announcement of the Company dated 1 February 2008
“Company”	Peace Mark Holdings Limited (stock code: 0304), whose Shares are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Existing Syndicated Loan Facility”	the HK\$1,200 million syndicated loan facility of the Company entered into on 22 June 2007 as referred to in the announcement of the Company dated 22 June 2007
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	party which are independent of and not connected with any of the Directors, chief executives, substantial shareholders or management shareholders of the Company or any of its subsidiaries or any of their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Syndicated Loan Facility”	the syndicated loan in the amount of US\$200 million as referred to in the announcements of the Company dated 20 July 2008 and 29 July 2008 to be entered into by the Company
“Option(s)”	outstanding option(s) granted under the share option scheme adopted by the Company on 24 January 2002
“Shares(s)”	ordinary shares(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	registered holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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

Hong Kong, 3 September 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. de Jaillon Hugues Jacques as executive Directors and 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 an non-executive Director.