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## **PEACE MARK (HOLDINGS) LIMITED**

*(Incorporated in Bermuda with limited liability)*

### **PLACEMENT OF 596,500,000 NEW SHARES**

The Board of Directors (the "Directors") of Peace Mark (Holdings) Limited (the "Company") announces that the Company entered into an agreement with Upbest Securities Company Limited ("Upbest") as the placing agent on 28th April, 2000 for a placement of 596,500,000 new shares (the "Placement Shares") of HK\$0.10 each in the Company ("Shares") at a price of HK\$0.10 per Placement Share (the "Placement Price") with independent private and professional institutional investors (the "Placement"). The Placement is fully underwritten by Upbest.

The Placement Shares represent approximately 19.4% of the existing issued share capital of the Company and approximately 16.2% of the issued share capital of the Company as enlarged by the Placement.

The net proceeds of the Placement will be used for the development or procurement of advanced technology and know-how for the application to timepiece business as well as for additional working capital of the Group.

The Placement is conditional upon, the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting the listing of, and permission to deal in, the Placement Shares.

# **PLACING AGREEMENT DATED 28TH APRIL, 2000**

## **1. Number of Shares to be placed:**

596,500,000 new Shares, representing approximately 19.4% of the existing 3,081,723,019 issued Shares of the Company and approximately 16.2% of the 3,678,223,019 issued Shares as enlarged by the Placement.

## **2. Placement Price:**

HK\$0.10 per Placement Share.

This was arrived at through arm's length negotiations between the Company and Upbest and represents a discount of approximately 9.1% to the closing price of HK\$0.110 per Share as quoted on the Stock Exchange on 28th April, 2000. The Placement Price also represents a discount of approximately 21.9% to the average of the closing prices of the Shares quoted on the Stock Exchange for the last 10 trading days prior to and including 28th April, 2000 of approximately HK\$0.128 per Share.

## **3. Placing Agent and the Underwriter:**

Upbest is the placing agent and the underwriter for the Placement. The placing agent is independent of and not connected with the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates as defined, in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

## **4. Ranking of Placement Shares:**

The Placement Shares, when fully paid, will rank pari passu in all respects with the existing issued share capital of the Company. Holders of Placement Shares will be entitled to receive all dividends and distributions which are

declared, made or paid after the completion of the Placement which is expected to be on or before 12th May, 2000.

## **5. Independence of placees:**

The placees will be six or more private and professional institutional investors. All the placees are independent third parties not connected with the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates as defined in the Listing Rules.

## **6. Use of proceeds:**

The Group is principally engaged in the design, manufacture and trading of timepieces, mainly on an OEM and customer's label basis.

The net proceeds of the Placement is approximately HK\$58 million, as to the extent of 60% (approximately HK\$35 million) will be used for the development or procurement of advanced technology and know-how for the application to timepiece business and the remaining 40% (approximately HK\$23 million) will be used for additional working capital of the Group.

The Directors consider that the Placement is beneficial to the Company as it will increase the capital base of the Company for future business expansion and enlarge the shareholders base of the Company. The Directors consider that the terms of the Placement, inter alia the Placement Price, are fair and reasonable.

## **7. Condition precedent of the Placement:**

The Placement is conditional upon the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Placement Shares. The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placement Shares.

**8. Mandate to issue the Placement Shares:**

The Placement Shares will be issued under the general mandate granted to the Directors at the Annual General Meeting of the Company held on 9th September, 1999.

**9. Dilution of shareholdings of the existing substantial shareholders:**

Immediately before the Placement, EganaGoldpfeil (Holdings) Limited ("Egana") and Mr. Chau Cham Wong, Patrick ("Mr. Chau"), the Chairman of the Company, and his associates are beneficially interested in 606,413,551 Shares and 374,608,307 Shares respectively, representing approximately 19.7% and 12.2% of the issued share capital of the Company. Following the completion of the Placement, Egana's and Mr. Chau's beneficial shareholdings in the Company will be diluted to approximately 16.5% and 10.2% of the enlarged issued share capital of the Company respectively.

By order of the Board  
**Tsang Kwong Chiu,**  
**Kevin**  
*Company Secretary*

Hong Kong, 28th April, 2000

Please also refer to the published version of this announcement in the Hong Kong Standard, Hong Kong Economic Times and Hong Kong Economic Journal.