



Peace Mark (Holdings) Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 0304)

FORMATION OF A JOINT VENTURE FOR LUXURY BRAND TIMEPIECE DISTRIBUTION AND RETAIL FOR THE GREATER CHINA MARKET

On 10 February 2006, the Group entered into the non-legally binding Letter of Intent with Tourneau and IWG, pursuant to which the Group, Tourneau and IWG will establish Peace Mark Tourneau as a joint venture to engage in the supply, wholesale, retail and distribution of luxury-brand timepieces for the high-end market in Mainland China, Hong Kong, Macau and Taiwan.

Both the Group and Tourneau consider that Greater China luxury-brand timepiece markets have significant potential. The respective groups believe that the combination of the Group's knowledge, experience as well as the distribution and servicing network in the Greater China region 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 the Greater China region for luxury brand timepiece products. The parties target to open 30 stores in the initial period of 5 years.

The directors (the "Directors") of Peace Mark (Holdings) Limited (the "Company", together with its subsidiaries, the "Group") have the pleasure to announce that on 10 February 2006, a wholly-owned subsidiary of the Company entered into a non-legally binding letter of intent (the "Letter of Intent") with Tourneau Investment Limited, a subsidiary of Tourneau Inc. ("Tourneau") and Beat Time Group Limited, a wholly-owned subsidiary of International Watch Group ("IWG"), pursuant to which the Group, Tourneau and IWG agreed to establish Peace Mark Tourneau (Holdings) Limited ("Peace Mark Tourneau") as a joint venture to engage in the supply, wholesale, retail and distribution of luxury-brand timepieces for the high-end market in Mainland China, Hong Kong, Macau and Taiwan.

Pursuant to the Letter of Intent, Peace Mark Tourneau is expected to have a total share capital of US\$15 million. The Group will hold 65% of the total issued share capital in Peace Mark Tourneau, Tourneau will hold 25% and IWG will hold the remaining 10%.

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, Omega, Patek Philippe, Rolex and Tag Heuer in more than 8,000 unique styles. As the undisputed authority in the watch industry, Tourneau is recognized by Guinness World Records as the world's largest watch store. In each of its thirty plus stores, Tourneau is the number one specialty store performer in sales per square foot, a distinction that applies not only to the watch and jewelry categories, but encompasses retail categories as a whole.

IWG is one of the leading watch manufacturers and distributors in the United States. It owns various fashion and watch brands including Lucien Piccard.

The Group is a vertically integrated global timepiece company with manufacturing facilities located in Mainland 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, Americas, Europe and (non-China) Asia. The Company is the leading distributor and retailer of international mid-range fashion brands in China. The Directors consider that the establishment of Peace Mark Tourneau provides an opportunity for the Group to diversify its business into the luxury brand timepieces business in the Greater China region in partnership with a leading retailer and leveraging on the Group's experience and knowledge of distribution in the Greater China region.

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The Letter of Intent is not legally binding and the parties are to engage in negotiations with a view to entering into definitive agreements. Peace Mark Tourneau is to operate for an initial period of five years. Thereafter, the term shall be automatically renewed every five years unless terminated by either party. The retail outlets are expected to be operated under the name of "Tourneau" and a trademark license agreement will be entered into in this regard. Under the Letter of Intent, the Group would grant a call option to Tourneau to acquire from it a 14% interest in Peace Mark Tourneau. The parties to the Letter of Intent target to complete the transactions under the definitive agreements on or before the end of March 2006 unless it is agreed otherwise and Peace Mark Tourneau shall commence operations no later than 1 April 2006. The entering into of definitive agreements may or may not constitute a notifiable transaction under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and certain transactions contemplated thereunder may constitute connected transactions of the Company under Chapter 14A of the Listing Rules. Further announcement will be made as and when appropriate.

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

The transactions contemplated under the non-legally binding Letter of Intent may or may not proceed. Shareholders and public investors are advised to exercise caution when dealing in the shares of the Company.

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 and 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.

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

Hong Kong, 10 February 2006

Please also refer to the published version of this announcement in SCMP-Classified.