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Peace Mark (Holdings) Limited
(Incorporated in Bermuda with limited liability)

GENERAL MANDATES

FOR REPURCHASE AND ISSUE BY THE COMPANY

OF ITS OWN SECURITIES

A notice convening an annual general meeting of the Company to be held on 30 August, 2002 together with the form of proxy for use at that meeting have been contained in the Annual Report 2002 of the Company. Shareholders are advised to read the notice and to complete and return the form of proxy for registration not less than 48 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion of the form of proxy will not preclude shareholders of the Company from attending and voting at the meeting in person should they so wish.

12 July, 2002



Peace Mark (Holdings) Limited

(Incorporated in Bermuda with limited liability)

Directors:

Mr. Chau Cham Wong, Patrick (*Chairman*)
Mr. Leung Yung (*Managing Director*)
Mr. Tsang Kwong Chiu, Kevin
Mr. Man Kwok Keung
Mr. Cheng Kwan Ling
Sir Oswald Cheung, C.B.E., LL.D., D.Soc.Sc., J.P.*
The Honourable Lau Wong Fat, G.B.S., J.P.*
Ms. Susan So*

(* *Independent non-executive Directors*)

Registered Office:

Clarendon House
Church Street
Hamilton HM11
Bermuda

Principal Office:

Unit 3 12th Floor
Cheung Fung Industrial Building
23-39 Pak Tin Par Street
Tsuen Wan
Hong Kong

12 July, 2002

To the Shareholders

Dear Sir or Madam,

GENERAL MANDATES FOR REPURCHASE AND ISSUE BY THE COMPANY OF ITS OWN SECURITIES

INTRODUCTION

The purpose of this circular is to provide you, the shareholders (the "Shareholders") of Peace Mark (Holdings) Limited (the "Company"), with details regarding the general mandates in respect of repurchase and issue by the Company of its own securities, to be proposed at the forthcoming annual general meeting to be held on 30 August, 2002 (the "Annual General Meeting"), notice of which dated 10 July, 2002 has been set out in the Annual Report 2002 of the Company; and to seek your approval of the relevant resolutions relating to the general mandates.

GENERAL MANDATES

The directors of the Company (the "Directors") were granted general mandates at the annual general meeting of the Company held on 31 August, 2001 to issue new shares of HK\$0.10 each in the capital of the Company (the "Shares"), subject to a maximum of 20 per cent of the issued share capital of the Company as at that date, and to repurchase on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") the Company's Shares, subject to a maximum of 10 per cent of the issued share capital of the Company as at that date which general mandates would be proposed to be renewed at the forthcoming annual general meeting.

Subsequently, at a special general meeting of the Company held on 24 January 2002 pursuant to which a capital reorganisation (the "Capital Reorganisation") of the Company was

approved, the general mandates granted to the Directors at the annual general meeting of the Company held on 31 August 2001 were revoked and the Directors were granted general mandates to issue new Shares, subject to a maximum of 20 per cent of the aggregate nominal amount of the issued share capital of the Company in issue immediately following the Capital Reorganisation, and to repurchase on the Stock Exchange the Shares subject to a maximum of 10 per cent of the issued share capital of the Company in issue immediately following the Capital Reorganisation which general mandates would be proposed to be renewed at the forthcoming annual general meeting.

A special general meeting of the Company is proposed to be convened on or about 1 August 2002 (the "SGM") at which resolutions in relation to a rights issue (the "Rights Issue") of the Company will be proposed. It will also be proposed at the SGM that the general mandate granted to the Directors at the special general meeting on 24 January 2002 to allot, issue and otherwise deal with the Shares (as set out in the ordinary resolution no.2 contained in the circular of the Company relating to the same dated 2 January 2002) be revoked and the Directors be granted general mandate to issue new Shares, subject to a maximum of 20 per cent of the aggregate nominal amount of the issued share capital of the Company in issue immediately following completion of the Rights Issue which general mandate will be proposed to be renewed at the forthcoming annual general meeting. Accordingly, the following ordinary resolutions will be proposed at the Annual General Meeting:

- (a) to grant to the Directors a general and unconditional mandate to allot, issue and deal with Shares (other than by way of rights issue or pursuant to a share option scheme for employees or directors of the Company and/or any of its subsidiaries) and to make or grant offers, agreements and options and warrants of up to an aggregate nominal value not exceeding 20 per cent of the aggregate of the issued share capital of the Company as at the date of the Annual General Meeting (the "General Mandate");
- (b) to authorise the Directors to extend the General Mandate to cover an amount representing the aggregate nominal amount of the issued share capital of the Company repurchased by the Company pursuant to the Repurchase Mandate.

The General and Repurchase Mandates will continue in force until the conclusion of the next annual general meeting of the Company or any earlier date as referred to the relevant resolutions set out in the Notice of Annual General Meeting.

In accordance with the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), the Company is required to send to the Shareholders an explanatory statement containing all the information reasonably necessary to enable them to make an informed decision as to whether to vote for or against the grant of the Repurchase Mandate. Such explanatory statement is set out in the Appendix to this circular.

ANNUAL GENERAL MEETING

A notice dated 10 July, 2002 convening the Annual General Meeting to be held at 4:00 p.m. on 30 August, 2002 at Boardroom, World Trade Centre Club, 38th Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong and a form of proxy for use at that meeting have been contained in the Company's Annual Report 2002. At the Annual General Meeting, resolutions will be proposed to approve, inter alia, the general mandates for repurchase and issue by the Company of its own Shares.

Whether or not you are able to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's principal office in Hong Kong, Unit 3, 12th Floor, Cheung Fung Industrial Building, 23-39 Pak Tin Par Street, Tsuen Wan, Hong Kong for registration not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not prevent Shareholders from attending and voting in person at the meeting if they so wish.

RECOMMENDATION

The Directors anticipate that repurchase of the Company's Shares may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets and/or earnings per share of the Company. At present the Directors have no intention of repurchasing any Shares of the Company under the Repurchase Mandate.

The Directors consider that the proposed resolutions for the general mandates for repurchase and issue by the Company of its own Shares are in the best interests of the Company and its Shareholders and, accordingly, recommend that the Shareholders should vote in favour of the relevant resolutions set out in the Notice of the Annual General Meeting. Those Directors who are also Shareholders intend to vote in favour of such resolutions at the Annual General Meeting in respect of their own share holdings.

Yours faithfully,
By Order of the Board
Chau Cham Wong, Patrick
Chairman

APPENDIX

EXPLANATORY STATEMENT

This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to the Shareholders in order for them to consider the Repurchase Mandate.

1. LISTING RULES RELATING TO THE REPURCHASE OF SECURITIES

The Listing Rules permit companies whose primary listing are on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the more important of which are summarized below. The Company is empowered by its Memorandum of Association and Bye-laws to repurchase its own securities.

(a) Source of funds

Repurchases must be funded entirely from the Company's available cash flow or working capital facilities which will be funded legally available for the purpose.

(b) Connected parties

The Listing Rules prohibit a company from knowingly purchasing securities on the Stock Exchange from a "connected person", that is, a director, chief executive or substantial shareholder of the company, its subsidiaries or their respective associates (as defined in the Listing Rules) and a connected person is prohibited from knowingly selling his securities to the company.

None of the Directors nor their associates (as defined in the Listing Rules), to the best of their knowledge and having made all reasonable enquiries, currently intend to sell any Shares to the Company in the event the Repurchase Mandate is approved by the Shareholders.

No connected person of the Company has notified the Company that he has a present intention to sell any securities of the Company to the Company nor has any such connected person undertaken not to sell any of the securities of the Company held by him to the Company in the event that the Repurchase Mandate is granted.

2. SHARE CAPITAL

As at 12 July, 2002, being the latest practicable date prior to the printing of this circular (the "Latest Practicable Date"), the issued share capital of the Company comprised 183,911,150 Shares.

On the basis that no Shares are issued or repurchased by the Company prior to the date of the Annual General Meeting, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 18,391,115 Shares.

3. REASONS FOR REPURCHASES

The Directors believe that the proposed Repurchase Mandate is in the interests of the Company and its Shareholders. An exercise of the Repurchase Mandate may, depending on

market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per share and/or earnings per share and will only be made when the Directors believe that such a purchase will benefit the Company and its Shareholders. The Directors have no present intention of repurchasing any Shares of the Company under the Repurchase Mandate.

4. FUNDING OF REPURCHASES

In repurchasing Shares of the Company, the Directors confirm that the Company may only apply funds which are entirely from the Company's available cash flow or working capital facilities which are legally available for such purpose in accordance with its Memorandum of Association and Bye-laws and the laws of Bermuda. Bermuda law provides that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant shares, or out of the funds of the company otherwise available for dividend or distribution or out of fresh issue of shares made for the purpose. The amount of premium payable on a repurchase may only be paid out of the funds of the company otherwise available for dividend or distribution or out of the share premium account of the company. It is envisaged that the Company would derive the funds from such sources.

There might be a material adverse impact on the working capital or gearing position of the Group in the event that repurchases of Shares pursuant to the Repurchase Mandate were to be carried out in full at any time during the proposed repurchases period. However, the Directors do not propose to exercise the mandate to such extent as would in the circumstances have a material adverse effect on the working capital requirements or the gearing levels of the Group at the time of the relevant repurchases unless the Directors determined that such repurchases were, taking account of all relevant factors, in the best interests of the Group.

5. SHARE CAPITAL

The higher and lowest prices at which the Shares have traded on the Stock Exchange in each of the twelve calendar months ended 30 June, 2002 are as follows:

	Highest	Lowest
2001		
July	0.053	0.043
August	0.048	0.043
September	0.046	0.031
October	0.040	0.035
November	0.048	0.035
December	0.038	0.03
2002		
January	0.61	0.031
February	0.55	0.495
March	0.58	0.53
April	0.56	0.52
May	0.62	0.58
June	0.57	0.229

6. DISCLOSURE OF INTERESTS, TAKEOVERS CODE AND MINIMUM PUBLIC HOLDING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Bermuda.

As at the Latest Practicable Date, and according to the register of substantial shareholders' interests maintained pursuant to the SDI Ordinance, Mr. Chau Cham Wong, Patrick ("Mr. Chau") and Mr. Leung Yung were beneficially interested in 18,730,416 Shares and 18,391,500 Shares, respectively, representing approximately 10.18 per cent and 10.00 per cent of the issued share capital of the Company, respectively. If on the exercise of the power in full to repurchase Shares pursuant to the Repurchase Mandate, the interests of Mr. Chau and Mr. Leung Yung will be increased to 11.32 per cent and 11.11 per cent respectively. Even though such increase will be treated as an acquisition for the purpose of Rule 32 of the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code"), the Directors are not aware of any Shareholder or a group of Shareholders acting in concert which will become obliged to make a mandatory offer under the Takeovers Code as a consequence of any repurchase of Shares.

The Directors do not intend to exercise the power of the Company to make repurchases of Shares if such repurchases would result in the number of Shares which are in public hands falling below the relevant prescribed minimum percentage as determined by the Stock Exchange.

7. SECURITIES REPURCHASES MADE BY THE COMPANY

The Company has not repurchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months immediately preceding the date of this circular.



Peace Mark (Holdings) Limited

(Incorporated in Bermuda with limited liability)

Form of proxy for Annual General Meeting (or any adjournment thereof)

I/We (Note 1) _____

of _____

being the registered holder(s) of (Note 2) _____

shares of HK\$0.10 each in the capital of **Peace Mark (Holdings) Limited** (the "Company") **HEREBY APPOINT** (Note 3) _____

of _____

or failing him, the Chairman of the meeting as my/our proxy to act for me/us at the Annual General Meeting of the Company to be held at Boardroom, World Trade Centre Club, 38/F, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong on 30 August, 2002 at 4:00 p.m. (or at any adjournment thereof) for the purpose of considering and, if thought fit, passing with or without modification the Resolutions set out in the Notice convening the said Meeting and at the said Meeting (or at any adjournment thereof) to vote for me/us and in my/our name(s) as hereunder indicated or, if no such indication is given, as my/our proxy thinks fit.

	Resolutions	For (Note 4)	Against (Note 4)
1.	To receive and consider the audited Financial Statements and the Reports of the Directors and Auditors for the year ended 31 March, 2002.		
2.	To re-elect the following directors and to authorise the Directors to fix their remuneration:		
	(i) Ms. Susan So		
	(ii) Mr. Sir Oswald Cheung		
3.	To re-appoint Auditors and to authorise the Directors to fix their remunerations.		
4.	Ordinary resolutions:		
	(A) to give a general mandate to the Directors to allot, issue and deal in shares of the Company.		
	(B) to give a general mandate to the Directors to repurchase shares of the Company.		
	(C) to give a general mandate to the Directors to allot, issue and deal in shares of the Company repurchased.		

Dated : _____ 2002

Signature(s): _____

Notes:

- Full name(s) and address(es) to be inserted in BLOCK CAPITALS. The names of all joint holders should be stated.
- Please insert the number of shares registered in your name(s). If no number is inserted, the form of proxy will be deemed to relate to all the shares of the Company registered in your name(s).
- Please insert the name and address of the proxy desired, IF NO NAME IS INSERTED, THE CHAIRMAN OF THE MEETING WILL ACT AS YOUR PROXY.
- IMPORTANT: IF YOU WISH TO VOTE FOR A RESOLUTION, TICK IN THE RELEVANT BOX MARKED "FOR". IF YOU WISH TO VOTE AGAINST A RESOLUTION, TICK IN THE RELEVANT BOX MARKED "AGAINST"**. Failure to tick a box will entitle your proxy to cast your vote at his discretion. Your proxy will also be entitled to vote at his discretion on any resolution properly put to the meeting other than those referred to in the notice convening the meeting.
- This form of proxy must be signed by you or your attorney duly authorised in writing or, in the case of a corporation, must be either under its common seal or under the hand of an officer or attorney duly authorised on its behalf.
- Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the Register of Members of the Company in respect of such share shall alone be entitled to vote and will be accepted to the exclusion of other joint registered holders in respect thereof.
- To be valid, the form of proxy, together with any power of attorney or other authority (if any), under which it is signed or notarially certified copy thereof, must be deposited at the Company's principal office in Hong Kong, Unit 3, 12th Floor, Cheung Fung Industrial Building, 23-29 Pak Tin Par Street, Tsuen Wan, Hong Kong for registration not less than 48 hours before the time of the meeting or any adjourned meeting (as the case may be).
- A proxy need not be a member of the Company.
- Any alteration made in this form of proxy must be initialled by the person who signs it.