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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Peace Mark (Holdings) Limited, you should at once hand this circular to purchaser or transferee to the bank, the licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**Peace Mark (Holdings) Limited**  
*(incorporated in Bermuda with limited liability)*

**SCRIP DIVIDEND SCHEME**

**IN RELATION TO THE INTERIM DIVIDEND**

**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2003**

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16 January 2004

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## DEFINITIONS

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*In this circular, the following expressions shall have the following meanings unless the context otherwise requires:*

“2004 Interim Dividend”	the interim dividend of HK\$0.018 per Share for the six months ended 30 September 2003 payable on Monday, 16 February 2004 to the shareholders whose names were recorded on the registers of members of the Company at the close of business on Wednesday, 7 January 2004;
“2004 Interim Scrip Dividend Scheme”	the scheme approved by the Directors on 18 December 2003 in relation to the 2004 Interim Dividend to offer to the Eligible Shareholders to elect to receive such dividend wholly or partly by allotment of new Shares credited as fully paid in lieu of cash;
“Company”	Peace Mark (Holdings) Limited, a company incorporated in Bermuda with limited liability and whose shares are listed on the Stock Exchange;
“Director(s)”	the directors of the Company;
“Eligible Shareholders”	shareholders of the Company whose names were recorded on the registers of members of the Company at the close of business on Wednesday, 7 January 2004 save and except for those shareholders whose respective addresses as recorded on the registers of members of the Company as being located outside Hong Kong at that time;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Interim Scrip Dividend Shares”	new Shares to be issued and credited as fully paid under the 2004 Interim Scrip Dividend Scheme;
“Option Holders”	holders of outstanding share options granted by the Company under the Share Option Scheme;
“Share(s)”	ordinary share(s) of par value HK\$0.10 each in the capital of the Company;
“Share Option Scheme”	the share option scheme adopted by the Company on 24 January 2002; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.



## Peace Mark (Holdings) Limited

*(incorporated in Bermuda with limited liability)*

*Executive 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

*Registered Office:*

Clarendon House

Church Street

Hamilton HM11

Bermuda

*Independent Non-executive Directors:*

Ms. Susan So

Mr. Kwok Ping Ki, Albert

Mr. Tang Yat Kan

Mr. Wong Yee Sui, Andrew

*Principal Office:*

Unit 3, 12th Floor

Cheung Fung Industrial Building

23-39 Pak Tin Par Street

Tsuen Wan Hong Kong

16 January 2004

*To the Shareholders and Option Holders*

Dear Sir or Madam,

**SCRIP DIVIDEND SCHEME  
IN RELATION TO THE INTERIM DIVIDEND  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2003**

### **INTRODUCTION**

On 18 December 2003, it was announced that the Directors declared the 2004 Interim Dividend. It was also announced that the Eligible Shareholders may elect to receive the 2004 Interim Dividend wholly or partly in Interim Scrip Dividend Shares. The shareholders of the Company may exercise their options to receive an allotment by the Company of shares credited as fully paid by way of capitalization of profits in lieu of cash dividend. Those shareholders of the Company whose respective addresses as recorded in the registers of members of the Company as being located outside Hong Kong will not be permitted to participate in the 2004 Interim Scrip Dividend Scheme and will receive the 2004 Interim Dividend wholly in cash. Shareholders who choose to receive the 2004 Interim Dividend wholly in cash are not required to take any action.

The purpose of this circular is to set out the procedures which apply in relation to the 2004 Interim Dividend Scheme and the action to be taken by the Eligible Shareholders in relation thereto.

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## LETTER FROM THE BOARD

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### PARTICULARS OF THE 2004 INTERIM SCRIP DIVIDEND SCHEME

Each Eligible Shareholder shall have the following choices in respect of his/her entitlement to the 2004 Interim Dividend:

- (a) a cash dividend of HK\$0.018; or
- (b) an allotment of such number of Interim Scrip Dividend Shares credited as fully paid and having an aggregate market value (as described below), save for adjustment for fractions, equal to the total amount of the 2004 Interim Dividend which such Eligible Shareholder would otherwise be entitled to receive in cash (such Interim Scrip Dividend Shares will be allotted by the Company and credited as fully-paid by way of capitalization of the Company's profits to the Eligible Shareholders electing to receive Interim Scrip Dividend Shares in lieu of cash dividend); or
- (c) partly in cash and partly in Interim Scrip Dividend Shares.

The Interim Scrip Dividend Shares will rank *pari passu* in all respect with the existing issued Shares except that they shall not entitle their respective shareholders to receive the 2004 Interim Dividend.

### BASIS OF ALLOTMENT OF THE INTERIM SCRIP DIVIDEND SHARES

For the purpose of calculating the number of Interim Scrip Dividend Shares to be allotted, the market value of Interim Scrip Dividend Shares has been set at HK\$1.309 per Shares, which is equivalent to 95% of the average closing prices of Shares quoted on the Stock Exchange for the five consecutive trading days immediately preceding and including Wednesday, 14 January 2004. Accordingly, the number of Interim Scrip Dividend Shares which an Eligible Shareholder will receive, in respect of the existing Shares registered in that Eligible Shareholder's name as at the close of business on Wednesday, 7 January 2004 and for which election to receive the Interim Scrip Dividend Shares has been lodged with Secretaries Limited, the Company's branch share registrar in Hong Kong, of Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong on or before Friday, 30 January 2004 will be calculated as follows:

$$\begin{array}{rcll} & & \text{Number of existing Shares} & \\ & & \text{held at the close of business on} & \\ \text{Number of Interim} & & \text{Wednesday, 7 January 2004 for} & \\ \text{Scrip Dividend Shares} & = & \text{which election is made for Interim Scrip} & \times \frac{\text{HK\$0.018}}{\text{HK\$1.309}} \\ \text{to be received} & & \text{Dividend Shares} & \end{array}$$

The number of Interim Scrip Dividend Shares to be received by an electing Eligible Shareholder will be rounded down to the nearest whole number of the Interim Scrip Dividend Shares. No Eligible Shareholder is entitled to be issued any fraction of a Share under the 2004 Interim Scrip Dividend Scheme. Fractional entitlements to the Interim Scrip Dividend Shares will be disregarded and the benefit thereof will therefore accrue to the Company.

A press announcement dated 14 January 2004 setting out the basis of allotment of the 2004 Interim Scrip Dividend Shares was published on Thursday, 15 January 2004.

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## LETTER FROM THE BOARD

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### ADVANTAGES OF THE 2004 INTERIM SCRIP DIVIDEND SCHEME

The 2004 Interim Scrip Dividend Scheme will give the Eligible Shareholders an opportunity to increase their investment in the Company at market value without incurring brokerage fees, stamp duty and related dealing costs. The 2004 Interim Scrip Dividend Scheme will also benefit the Company because, to the extent that the Eligible Shareholders elect to receive the Interim Scrip Dividend Shares, in whole or in part in lieu of a cash dividend, such cash which would otherwise have been paid to the Eligible Shareholders will be retained for use by the Company.

### DISCLOSURE OF INTERESTS

Shareholders of the Company should note that the Interim Scrip Dividend Shares may give rise to notification requirements under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) for those shareholders who may have notifiable interests in the Company. Shareholders of the Company who are in any doubt as to how these provisions may affect them are recommended to seek their own professional advice.

### FORM OF ELECTION

If you elect to receive your entitlement to the 2004 Interim Dividend wholly in cash, you do not need to take any action.

If you elect to receive your entitlement to the 2004 Interim Dividend wholly in Interim Scrip Dividend Shares, or partly in cash and partly in Interim Scrip Dividend Shares, you should complete and sign the enclosed form of election in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Secretaries Limited of Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong **not later than 4:00 p.m. on Friday 30 January 2004**. No acknowledgement of receipt of the form of election will be issued. If you do not complete and return the form of election before the time stated above, you will receive your 2004 Interim Dividend wholly in cash.

If you (i) do not specify the number of Shares held by you as at the close of business on Wednesday, 7 January 2004 in respect of which you are electing to receive an allotment of Interim Scrip Dividend Shares, or (ii) elect to receive Interim Scrip Dividend Shares in respect of a greater number of Shares held by you as at the close of business on Wednesday, 7 January 2004 would be entitled to, then you will be deemed to have exercised your election to receive Interim Scrip Dividend Shares in respect of all the Shares of which you were registered as the shareholder at that time.

### SHAREHOLDERS RESIDENT OUTSIDE HONG KONG

Shareholders whose addresses as shown in the registers of members of the Company on the close of business on Wednesday, 7 January 2004 as being located outside Hong Kong will not be permitted to participate in the 2004 Interim Scrip Dividend Scheme. Such shareholders will receive the 2004 Interim Dividend wholly in cash. No form of election would be sent to such shareholder.

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## LETTER FROM THE BOARD

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### **LISTING AND DEALINGS AND DISPATCH OF DIVIDEND WARRANTS AND/OR SHARE CERTIFICATES**

Application will be made to the Stock Exchange for the grant of the listing of, and permission to deal in, the Interim Scrip Dividend Shares. It is expected that the dividend warrants in relation to the 2004 Interim Dividend and/or share certificates with respect to the Interim Scrip Dividend Shares will be dispatched at the risk of those entitled thereto on Monday, 16 February 2004. Dealings in the Interim Scrip Dividend Shares will commence subject to the proper receipt of the share certificates with respect to the Interim Scrip Dividend Shares by the relevant shareholders of the Company.

No equity or debt securities of the Company are listed on or dealt in any other stock exchange nor is listing or permission to deal in on any other exchange being or proposed to be sought.

Dealings in Shares may be settled through the Central Clearing and Settlement System and you should seek the advice of your licensed securities dealer or other professional adviser for details of these settlement arrangements and how such arrangements will affect your rights and interests.

### **ADJUSTMENTS IN RELATION TO SHARE OPTIONS GRANTED UNDER THE COMPANY'S SHARE OPTION SCHEMES**

In accordance with the terms of the Share Option Scheme, the Interim Scrip Dividend Shares may result in adjustments to the subscription price of and/or the number of Shares subject to the share options which had been granted pursuant to the Share Option Scheme but not yet exercised in whole as at the close of business on Wednesday, 7 January 2004. Such adjustments shall give a Option Holder the same proportion of the issued share capital of the Company as that to which such Option Holder was previously entitled, but no such adjustments shall be made to the extent that a Share would be issued at less than its nominal value. If and when any adjustments have to be made, the Company will give due notification according to the Share Option Scheme.

The auditors of the Company shall certify in writing to be in their opinion that the adjustments, if any, made in relation to the subscription prices of and/or the number of Shares subject to the share options which had been granted pursuant to the Share Option Scheme but not yet exercised in whole as at the close of business on Wednesday, 7 January 2004 after the allotment of the Interim Scrip Dividend Shares are fair and reasonable.

### **RECOMMENDATION AND ADVICE**

Whether or not it is to your advantage to receive cash or the Interim Scrip Dividend Shares, in whole or in part, depends upon your own individual circumstances, and the decision in this regard and all consequences resulting therefrom are the sole responsibility of each Eligible Shareholder. If you are in any doubt as to what to do, you should consult your professional advisers as to whether or not you are permitted to receive the 2004 Interim Dividend in scrip form or if any government or other consent is required. Eligible Shareholders who are trustees are recommended to take professional advice as to whether the choice of the Interim Scrip Dividend Share is within their powers and as to its effect having regard to the terms of the relevant trust instrument.

Yours faithfully,  
For and on behalf of the Board  
**Peace Mark (Holdings) Limited**  
**Chau Cham Wong, Patrick**  
*Chairman*