CORPORATE UPDATE

Change in shareholdings

In August 2001, Mr. Leung Yung, the Managing Director of Peace Mark, through United Success Enterprises Limited had acquired 10.0% interest in the share capital of Peace Mark at a consideration of HK$49.8 million. This was a sign of Mr. Leung Yung's great commitment and faith in the future prospect of Peace Mark. The Directors of Peace Mark believe that the management buyout has furthered the commitment of the current management in striving for better operating and production efficiency for the benefit of both Peace Mark and its shareholders. Immediately after the transaction, EganaGoldpfeil and its associates' shareholding in Peace Mark decreased from 16.5% to approximately 6.5%.

Capital Reorganisation

On 30th November 2001, the Board of Directors of the Company has passed a resolution approving a proposal for reorganizing the current capital structure of the Company (the "Capital Reorganisation").

The shares of the Company had been traded at prices below their par value of HK$0.10 each for a majority of the trading days since September 2000. Since the Company is prohibited under Bermuda law to issue shares below their par value, this makes it impossible for the Company to issue new shares at market price.

Following the Capital Reorganisation, the par value of the consolidated shares would remain at HK$0.10 each. However, the market price of the consolidated shares would be expected to be higher than their par value as a result of the consolidation. This would enable the Group to conduct capital fund-raising exercise or other acquisitions by way of allotment or placement of consolidated shares.

The Capital Reorganisation would not alter any of the underlying assets, business operations or financial performance of the company and that following the Capital Reorganisation, the Company would be able to meet its debts as they would fall due.

A circular containing details of the Capital Reorganisation and a notice of the SGM will be dispatched to the Shareholders in due course.