

PROSPECTS

Peace Mark is constantly positioning itself to confront the global economic uncertainties. The timepiece manufacturing and export sector is undergoing an industry-wide consolidation. This provides opportunities for major and financially strong players to expand and integrate horizontally and vertically. Peace Mark will cautiously identify suitable business partners for any forms of business collaboration.

Upon China's recent entering into WTO, Peace Mark is implementing its defined strategy to progressively exploit this market. Peace Mark is currently in talk with some Swiss timepiece making schools with a view to establishing a training institute for timepiece repair services in China. The training institute will serve the purpose of supplying the necessary skill set for Peace Mark's after-sales service centres to be set up nationwide. This will facilitate Peace Mark to gain the initial foothold in the China market notwithstanding that other market researches and various business proposals are being studied for assessing further business opportunities.

In November 2001, Peace Mark entered into a HK\$200m 3-year syndicated term loan facility with WestLB as the co-ordinating arranger. The amount raised is for refinancing old debts, providing for general working capital and business expansion funding requirements. The repayment of the amount will be by quarterly installments commencing from eighteen months after 29th November, 2001, the drawdown date of the facility. The facility should enable Peace Mark to have better cashflow management by more appropriately matching the maturities of its business investments and debt financing yet at lower interest rate. The syndicated term loan also provides Peace Mark with greater flexibility for its funding arrangements thereby enhancing its capability to cope with the enduring economic downturn ahead.

Given the current economic climate, Peace Mark will be steered by the management towards a more conservative approach for its business expansion plan whilst new business opportunities will continuously be sought for additional revenue streams.