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Peace Mark (Holdings) Limited
(incorporated in Bermuda with limited liability)
(Stock code: 304)

**PLACING OF EXISTING SHARES AND
SUBSCRIPTION FOR NEW SHARES**

Sole Bookrunner and Lead Manager

CAZENOVE

Cazenove Asia Limited

The Placing and Subscription Agreement was entered into on 20 January 2006 pursuant to which (i) the Sole Bookrunner and Lead Manager has agreed to use its best efforts to place the Placing Shares held by the Vendor to not less than six independent placees at the Placing Price; and (ii) the Vendor has agreed to subscribe for and the Company has agreed to allot and issue to the Vendor the New Shares at the Subscription Price subject to, among other things, the granting of the listing of, and permission to deal in, the New Shares by the Listing Committee and completion of the Placing.

Prior to the Placing, the Vendor is the controlling shareholders of the Company and, together with parties acting in concert with it, hold approximately 43.44% of the Company's existing issued share capital. Immediately after the completion of the Placing, but before the Subscription, the combined shareholdings of the Vendor and parties acting in concert with it will be reduced to approximately 33.44% of the existing issued share capital of the Company. Assuming the maximum number of Placing Shares are placed to the placees and the maximum number of New Shares are subscribed by the Vendor, the Vendor and parties acting in concert with it will together hold a total of approximately 39.49% of the issued share capital of the Company as enlarged by the allotment of the New Shares immediately after completion of the Placing and the Subscription.

Assuming the maximum number of the New Shares are subscribed by the Vendor, the net proceeds from the Subscription are estimated to be approximately HK\$285 million. It is the current intention of the Directors to use the net proceeds from the Subscription for the capital expenditure requirements as to HK\$100 million, to expand the Group's business in the luxury watch retail market, as to HK\$25 million, for the development of the Group's distribution network and expansion of its sales channels in the PRC and as to the remainder, for the Group's general working capital requirements for the China watch retail market and repayment of bank loans.

At the request of the Company, the Shares have been suspended from trading from 9:30 a.m. on 20 January 2006, pending the issue of this announcement. Application has been made by the Company for the resumption of trading in the Shares with effect from 9:30 a.m. on 23 January 2006.

PLACING UNDER THE PLACING AND SUBSCRIPTION AGREEMENT DATED 20 JANUARY 2006

Vendor: A-ONE INVESTMENTS LIMITED, a company incorporated in the British Virgin Islands, which is beneficially owned as to 50.45% by Mr. Chau Cham Wong, Patrick, the Chairman and an executive Director, and as to 49.55% by Mr. Leung Yung, an executive Director. The Vendor is an investment holding company.

Number of Placing Shares: a maximum of 90,000,000 Shares, representing approximately 10.00% of the existing issued share capital of the Company and approximately 9.09% of the issued share capital as enlarged by the issue of the New Shares (assuming the maximum number of Placing Shares are placed to the placees and the maximum number of New Shares are subscribed by the Vendor).

Placing Price:	<p>HK\$3.25 per Share, which represents a discount of approximately 9.72% to the closing price of HK\$3.60 per Share quoted on the Stock Exchange at 4:00 p.m. on 19 January 2006, the latest trading day prior to the suspension of trading in the Shares at 9:30 a.m. on 20 January 2006, and a premium of approximately 3.50% to the average closing price of the Shares of approximately HK\$3.14 per Share over the last 5 consecutive trading days and a premium of approximately 10.51% to the average closing price of the Shares of approximately HK\$2.94 per Share over the last 10 consecutive trading days up to and including 19 January 2006.</p> <p>The Placing Price also represents a premium of approximately 253.91% to HK\$1.28, which represents the net asset value per Share as shown in its audited accounts as at 31 March 2005.</p> <p>The Placing Price has been determined after arms length negotiations between the Vendor, the Company and the Sole Bookrunner and Lead Manager.</p>
Rights:	<p>The Placing Shares will be sold free of any encumbrances and third party rights. The placees will receive all dividends and distributions declared, made or paid after the date of the Placing and Subscription Agreement.</p>
Placees:	<p>The Sole Bookrunner and Lead Manager has agreed to use its best efforts to procure that there will be not less than six independent placees (which will be professional or institutional investors).</p>
Sole Bookrunner and Lead Manager:	<p>Cazenove.</p>
Independence of placees and the Sole Bookrunner and Lead Manager:	<p>The placees and the Sole Bookrunner and Lead Manager (and its beneficial owners) are not connected persons (as defined in the Listing Rules) of the Company.</p> <p>To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Sole Bookrunner, the Lead Manager, the placees and the ultimately beneficial owners of the placees are third parties independent of the Company and connected persons of the Company.</p> <p>None of the placees will become substantial shareholders (as defined in the Listing Rules) of the Company on completion of the Placing and the Subscription as a result of their acquisition of Shares pursuant to the Placing.</p>
Completion of the Placing:	<p>Completion of the Placing is expected to take place on 24 January 2006 or such later date as may be agreed by the Vendor and the Sole Bookrunner and Lead Manager.</p>
Force Majeure:	<p>The Sole Bookrunner and Lead Manager is entitled, on the occurrence of certain events (including a material breach of any of the undertakings, representations and warranties set out in the Placing and Subscription Agreement, and material adverse change in the financial position of the Company), to terminate the Placing and Subscription Agreement by giving notice to the Company and the Vendor at any time prior to completion of the Placing.</p>

SUBSCRIPTION UNDER THE PLACING AND SUBSCRIPTION AGREEMENT DATED 20 JANUARY 2006

Subscriber:	The Vendor
Issuer:	The Company
Number of New Shares:	<p>The Company has agreed to allot and issue to the Vendor and the Vendor has agreed, conditionally as referred to below, to subscribe for the New Shares at the Subscription Price.</p> <p>Assuming the maximum number of New Shares are subscribed by the Vendor, the New Shares represent approximately 10.00% of the existing issued share capital of the Company and approximately 9.09% of the issued share capital of the Company as enlarged by the issue of the New Shares.</p> <p>If the number of Placing Shares placed by the Sole Bookrunner and Lead Manager is less than 90,000,000 Shares, the number of New Shares to be subscribed by the Vendor will be reduced accordingly but in any event, the number of Shares to be subscribed by the Vendor shall be the same as the number of Placing Shares sold by it.</p>
Subscription Price:	<p>HK\$3.25 per Share, which is equivalent to the Placing Price.</p> <p>All the commission, costs, and expenses incurred in relation to the Placing and the Subscription will be borne by the Company and interest accrued on the net Placing proceeds from the date of completion of the Placing to the date of completion of the Subscription will be for the benefit of the Company.</p>
General mandate to issue New Shares:	The New Shares will be issued under the general mandate granted to the Directors pursuant to a resolution passed by the shareholders of the Company on 26 August 2005.
Ranking:	The New Shares, when fully paid, will rank pari passu with all the existing Shares of the Company in issue as at the date of issue of the New Shares.
Conditions and completion of the Subscription:	<p>The Subscription by the Vendor of the New Shares is conditional upon the satisfaction of the following conditions by not later than 3 February 2006:</p> <ul style="list-style-type: none">(i) completion of the Placing;(ii) the granting of the listing of, and permission to deal in, the New Shares by the Listing Committee; and(iii) if necessary, the Bermuda Monetary Authority approving or agreeing to approve the allotment, issue and subsequent transfer of the New Shares.
Completion of the Subscription:	The Subscription will be completed on or before 3 February 2006, being the date falling fourteen days from the date of the Placing and Subscription Agreement.

Lock-up:

Pursuant to the Placing and Subscription Agreement, each of the Vendor, Mr. Chau Cham Wong, Patrick and Mr. Leung Yung has undertaken to the Sole Bookrunner and Lead Manager that, prior to the expiry of the period of six months from the date of the Placing and Subscription Agreement, it will not and will procure that none of its nominees will sell or otherwise dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares (including the New Shares but excluding the Placing Shares or the issue of Shares pursuant to the Share Option Scheme) or any interests therein, without the prior written consent of the Sole Bookrunner and Lead Manager.

Pursuant to the Placing and Subscription Agreement, the Company has undertaken to the Sole Bookrunner and Lead Manager that, prior to the expiry of the period of six months from the date of the Placing and Subscription Agreement, it will not allot or issue or agree to allot or issue (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares, except for (i) the New Shares to be allotted and issued to the Vendor pursuant to the Subscription or (ii) Shares or interests in Shares issued pursuant to the exercise of the options which may be granted under the Share Option Scheme or an issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the bye-laws of the Company as at the date of the Placing and Subscription Agreement, without the prior written consent of the Sole Bookrunner and Lead Manager.

Application for listing:

Application will be made to the Listing Committee for the granting of the listing of, and permission to deal in, the New Shares.

EFFECT OF THE PLACING AND THE SUBSCRIPTION

The effects on the shareholding structure of the Company pursuant to the Placing and the Subscription are as follows:

	At present		Immediately after completion of the Placing but before Subscription (Note 1)		Immediately after completion of the Placing and Subscription (Note 2)	
	Number of Shares	Approximate shareholding (%)	Number of Shares	Approximate shareholding (%)	Number of Shares	Approximate shareholding (%)
The Vendor	296,840,459	32.99	206,840,459	22.99	296,840,459	29.99
Chau Cham Wong, Patrick	65,631,077	7.29	65,631,077	7.29	65,631,077	6.63
United Success Enterprises Limited (Note 3)	28,416,795	3.16	28,416,795	3.16	28,416,795	2.87
Other Directors	392,257	0.04	392,257	0.04	392,257	0.04
Placees	0	0.00	90,000,000	10.00	90,000,000	9.09
Public	<u>508,455,192</u>	<u>56.52</u>	<u>508,455,192</u>	<u>56.52</u>	<u>508,455,192</u>	<u>51.38</u>
Total	<u>899,735,780</u>	<u>100</u>	<u>899,735,780</u>	<u>100</u>	<u>989,735,780</u>	<u>100</u>

Notes:

1. Assuming the maximum number of Placing Shares are placed to the placees.
2. Assuming the maximum number of Placing Shares are placed to the placees and the maximum number of New Shares are subscribed by the Vendor.
3. United Success Enterprises Limited is wholly owned by Mr. Leung Yung.
4. The above figures assume that, other than the New Shares, no new Shares are issued and no existing Shares are purchased by the Company and, other than the Placing Shares, no Shares are sold or purchased by the Vendor or parties acting in concert with it, in each case after the date of this announcement up to the date of completion of the Subscription.

Prior to the Placing, the Vendor is the controlling shareholders of the Company and, together with parties acting in concert with it, hold approximately 43.44% of the Company's existing issued share capital. Immediately after the completion of the Placing, but before the Subscription, the combined shareholding of the Vendor and parties acting in concert with it will be reduced to approximately 33.44% (assuming that the maximum number of Placing Shares are placed to the placees and the maximum number of New Shares are subscribed by the Vendor) of the existing issued share capital of the Company. Assuming the maximum number of Placing Shares are placed to the placees and the maximum number of New Shares are subscribed by the Vendor, the Vendor and parties acting in concert with it will together hold a total of approximately 39.49% of the issued share capital of the Company as enlarged by the allotment of the New Shares immediately after completion of the Placing and the Subscription.

REASONS FOR THE PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS

The principal business activity of the Group is the manufacture, trading, distribution and retail of timepieces.

The Directors estimate that assuming the maximum number of New Shares are subscribed by the Vendor, the net proceeds of the Subscription will amount to approximately HK\$285 million. It is the current intention of the Directors to use the net proceeds from the Subscription for the capital expenditure requirements as to HK\$100 million, to expand the Group's business in the luxury retail watch market in the PRC, as to HK\$25 million, for the development of the Group's mid-market distribution and sales network in the PRC and as to the remainder, for the Group's general working capital requirements for the China watch retail market and repayment of bank loans.

The Director consider that the net proceed of the Subscription will allow the Company to speed up its expansion plan in the timepiece distribution and retail business in the PRC. In particular, part of the proceed will be used to fund the capital expenditure and working capital requirement for opening an addition of approximately 20 more Solomon luxury timepiece retail shops in various major cities in the PRC as well as further increasing the number of points of sales of the Company's mid-market distribution and retailing channel, including TimeZone, to 780. The above will put the Company in an even better position to take the first mover advantage in capturing the luxury and mid-market timepiece market in China.

The Directors believe that the above will enhance the earnings per share of the Company in the future.

The Company did not have any equity fund raising activities in the past twelve months.

GENERAL

The Company is an investment holding company, through its subsidiaries, it is principally engages in the original design manufacturing, original equipment manufacturing, distribution and retail of timepieces and after sales services.

As at the date of this announcement, the executive Directors are Mr. Chau Cham Wong, Patrick, Mr. Leung Yung, Mr. Tsang Kwong Chiu, Kevin, Mr. Man Kwok Keung and Mr. Cheng Kwan Ling. The independent non-executive Directors are Ms. Susan So, Mr. Kwok Ping Ki, Albert, Mr. Tang Yat Kan, Mr. Wang Yee Sui, Andrew and Mr. Mak Siu Wing, Clifford.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, the Shares have been suspended from trading on the Stock Exchange from 9:30 a.m. on 20 January 2006, pending the issue of this announcement. Application has been made by the Company for the resumption of trading in the Shares with effect from 9:30 a.m. on 23 January 2006.

DEFINITIONS

“A-ONE”	A-ONE INVESTMENTS LIMITED, a company incorporated under the laws of the British Virgin Islands which is beneficially owned as to 50.45% by Mr. Chau Cham Wong, Patrick, the Chairman and an executive Director and as to 49.55% by Mr. Leung Yung, an executive Director
“Cazenove” or “Sole Bookrunner and Lead Manager”	Cazenove Asia Limited, a deemed licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the Sole Bookrunner and Lead Manager of the Placing
“Code”	the Hong Kong Code on Takeovers and Mergers

“Company”	Peace Mark (Holdings) Limited
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Shares”	90,000,000 new Shares to be subscribed by the Vendor at the Subscription Price under the Placing and Subscription Agreement If the number of Placing Shares sold under the Placing and Subscription Agreement is less than 90,000,000 Shares, the number of New Shares to be subscribed by the Vendor will be reduced, accordingly, but in any event, the number of Shares to be subscribed by the Vendor shall be the same as the number of Placing Shares sold by it
“Placing”	the placing of the Placing Shares by the Sole Bookrunner and Lead Manager, on behalf of the Vendor pursuant to the Placing and Subscription Agreement
“Placing and Subscription Agreement”	the placing and subscription agreement entered into on 20 January 2006 between the Vendor, Mr. Chau Cham Wong, Patrick, Mr. Leung Yung, the Company and the Sole Bookrunner and Lead Manager in relation to the Placing and the Subscription
“Placing Price”	HK\$3.25 per Placing Share
“Placing Shares”	90,000,000 Shares currently owned by the Vendor
“PRC”	the People’s Republic of China
“SFC”	Securities and Futures Commission of Hong Kong
“Share(s)”	Share(s) of nominal value of 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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	The subscription for the New Shares by the Vendor at the Subscription Price pursuant to the Placing and Subscription Agreement

“Subscription Price” HK\$3.25 per New Share

“Vendor” A-ONE

By Order of the Board
Peace Mark (Holdings) Limited
Chau Cham Wong, Patrick
Chairman

Hong Kong, 20 January 2006

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THE SECURITIES ARE NOT BEING REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) AND MAY ONLY BE OFFERED OR SOLD IN THE UNITED STATES IF REGISTERED UNDER THE SECURITIES ACT OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE. ANY PUBLIC OFFERING OF SECURITIES TO BE MADE IN THE UNITED STATES WILL BE MADE BY MEANS OF A PROSPECTUS THAT MAY BE OBTAINED FROM THE COMPANY AND THAT WILL CONTAIN DETAILED INFORMATION ABOUT THE COMPANY AND MANAGEMENT AS WELL AS FINANCIAL STATEMENTS.

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