



## Peace Mark (Holdings) Limited

(Incorporated in Bermuda with limited liability)

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[FOR IMMEDIATE RELEASE]

### **Peace Mark Refines Value Chain Aims for Dominance in Timepiece Movement Industry**

(Hong Kong, 12 September 2007) – A-1 Business Limited (“A-1 Business”), beneficially owned by Mr. Chau Cham Wong, Patrick and Mr. Leung Yung (“Controlling Shareholders”) of **Peace Mark (Holdings) Limited** (“Peace Mark” or the “Group”) (SEHK code: 304), today entered into an Acquisition Agreement with the Swiss company STM Holding SA (“STM”). It will acquire the entire interest of Swissebauches, Soprod and SFT (collectively called “Target Companies”). On the same day, the Controlling Shareholders also signed a Call Option Agreement with Peace Mark, whereby it shall transfer to Peace Mark the Call Shares it holds upon the exercise of the Call Option. The Call Option unconditionally granted by the Controlling Shareholders is irrevocable and exclusive to Peace Mark without expiry date, is at the consideration of the net asset value or the consideration paid and liabilities taken by A-1 Business, whichever is lower.

Swissebauches is principally engaged in mass production of timepiece movements (quartz analogue, digital and ana-digital) in Swissebauches brand and electronic product. It has a long-established clientele in Europe, North America, Far East and China. Soprod’s core business consists of assembling mechanical movements and developing additional modules giving further functionalities to mechanical movements, while SFT offers high quality quartz movements to worldclass customers and manufactures electronic pillboxes aimed to ensure that patients comply with their treatment.

Since May 2007, Peace Mark’s wholly-owned subsidiary was appointed as the sole and exclusive distributor of timepiece movements worldwide by Swissebauches, a well established timepiece movements manufacturer, for an initial term of three years. Swissebauches is obligated to supply, while the Group has the right but is not obliged, to purchase timepiece movements. It enables the Group to have a stable source of high quality timepiece movements at competitive price. This strategic partnership with a Swiss brand is of importance to Peace Mark’s vertically integrated business model, only providing the best.

**Mr. Patrick Chau, Chairman of Peace Mark**, commented, “Some leading luxury mechanical movement manufacturers seem to have started reducing supply to overseas independent third parties. With the agreement with the Target Companies and the Call Option, Peace Mark has not only secured a stable source of high quality and low price timepiece movements, but also provided the Group with great flexibility in purchasing timepiece movements according to its sales plan and needs. Peace Mark is looking forward to refining its value chain.”

“This call option is arranged as the Target Companies report loss currently and Peace Mark prefers not to acquire them directly in the meantime to avoid negative impact on the Group’s profitability.” Mr. Chau supplemented.

In July 2007, Peace Mark acquired 51% shares of Tianjin Seagull Watch Company (“Tianjin Seagull”), a state-owned enterprise, which is the largest mechanical movement factory in China holding a 40% share of the market. Tianjin Seagull can produce up to 6 million mechanical movements a year. 70% of its products are for the domestic market and the rest are sold to international brands. The Group sees potential synergies in Peace Mark, Target Companies and Tianjin Seagull becoming allies. “Peace Mark will step up effort to claim dominance in the global timepiece movement industry, “ Mr. Chau concluded.

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**About Peace Mark (Holdings) Limited:**

An international leading watch company headquartered in Hong Kong, Peace Mark has expanded its business worldwide over the years since its founding in 1983.

In China, Peace Mark operates an extensive fashion watch retail network **Timozon** and the joint-venture Peace Mark Tourneau to lead its distribution and retailing business with over 100 mid-range and luxury watch brands in the Greater China Region.

With strong design and manufacture capabilities of watches and movements, the Group also manufactures and distributes timepieces to markets including the USA, China, Europe and other Asian countries. Its advanced production facilities are located in Hong Kong, Shenzhen, Guangzhou, Shanghai and Tianjin, China, and Bienne, Switzerland.

Peace Mark is employing more than 10,000 staff in China and overseas. The Group has been listed on the Stock Exchange of Hong Kong since 1993 under the stock code 304. The market capitalization is approximately HK\$12 billion. It is a constituent stock in the MSCI (Morgan Stanley Capital International) Hong Kong Small Cap Index Series.

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