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Peace Mark (Holdings) Limited

(Incorporated in Bermuda with limited liability)

(Provisional Liquidators Appointed)

(Stock code: 304)

Financial adviser



ASIAN CAPITAL

(CORPORATE FINANCE) LIMITED

卓亞(企業融資)有限公司

ANNOUNCEMENT

UPDATE ON THE RESTRUCTURING OF THE COMPANY

The Company announces that:

- on 27 May 2010, the Stock Exchange informed the Company that it had placed the Company in the second stage of delisting procedures with effect from 27 May 2010 pursuant to Practice Note 17 to the Listing Rules;
- the Provisional Liquidators received a notice from Global Peak Investments Limited on 4 May 2010 terminating the Old Escrow and Exclusivity Agreement with immediate effect;
- on 23 July 2010, the New Exclusivity Agreement was entered into amongst the Company, the Provisional Liquidators, the Investor and Mr. Fan; and
- at the hearing on 26 July 2010, the Court ordered that the hearing of the winding-up petition in respect of the Company be further adjourned to 25 October 2010.

Shareholders of the Company and potential investors should note that the terms and conditions of the Restructuring Proposal are yet to be finalised and the Restructuring may or may not proceed.

Trading in the Shares has been suspended since 9:30 a.m. on 18 August 2008 at the request of the Company and will remain suspended until further notice. Further announcements will be made should there be any further major development in respect of the Restructuring Proposal.

Reference is made to the announcements of the Company dated 10 September 2009 (entitled “Announcement Adjournments of winding up hearings”), 5 November 2009, 14 December 2009, 17 December 2009 and 3 May 2010.

PROCEEDING TO SECOND STAGE OF DELISTING PROCEDURES

On 27 May 2010, the Stock Exchange informed the Company that it had placed the Company in the second stage of delisting procedures with effect from 27 May 2010 pursuant to Practice Note 17 to the Listing Rules.

The Company is required to submit a viable Resumption Proposal at least 10 business days before 26 November 2010, the expiry of the 6-month period from the date the Company was placed in the second stage of delisting procedures. At the end of the period, the Stock Exchange will determine whether it will be appropriate to proceed to place the Company in the third stage of delisting procedures after considering any proposal made by the Company.

Reference is made to the Company’s announcement dated 14 December 2009 setting out the requirements for the Resumption Proposal. The Company understands that the Stock Exchange requires such Resumption Proposal to include sufficient details (including forecasts and clear future business plan) to enable it to be assessed by the Stock Exchange. The terms of the Resumption Proposal should also comply with the Listing Rules and all applicable laws and regulations in Hong Kong and Bermuda.

TERMINATION OF THE OLD ESCROW AND EXCLUSIVITY AGREEMENT

Reference is made to the Company's announcement dated 5 November 2009 in relation to the Old Escrow and Exclusivity Agreement. The Provisional Liquidators received a notice from Global Peak Investments Limited on 4 May 2010 terminating the Old Escrow and Exclusivity Agreement with immediate effect pursuant to its terms.

ENTERING INTO THE NEW EXCLUSIVITY AGREEMENT

The New Exclusivity Agreement

Date: 23 July 2010

Parties:

- i) Time Fine Limited;
- ii) Mr. Fan Rongzhang;
- iii) the Company; and
- iv) Mr. Roderick John Sutton and Mr. Fok Hei Yu as the Provisional Liquidators.

Pursuant to the New Exclusivity Agreement, exclusivity was granted to the Investor (i) to negotiate and prepare the Resumption Proposal and (ii) to negotiate in good faith, execute and complete the Formal Agreement and all other documents for the implementation of the Restructuring Proposal.

The Investor is a company incorporated in the British Virgin Islands. As at the date of the New Exclusivity Agreement, the entire issued share capital of the Investor is beneficially owned by Mr. Fan, who is also a director of the Investor. The Investor and Mr. Fan are third parties independent of the Company and its connected persons (as defined in the Listing Rules) and are not acting in concert with any connected persons (as defined in the Listing Rules) of the Company.

Exclusivity

The Exclusivity Period will initially be for 3 months commencing from 23 July 2010. If the New Exclusivity Agreement is not terminated during the initial Exclusivity Period, the Exclusivity Period shall automatically be extended for a period of 12 months.

Business Acquisitions

The Investor undertakes that, during the initial Exclusivity Period, it will introduce and seek appropriate business ventures to be acquired by the Group to resurrect and/or expand its existing principal business. The terms of funding the Business Acquisitions will be determined by the Investor and to be agreed by the Company, subject to the applicable regulations and approvals (if any).

In the event that the Business Acquisitions cannot proceed during the initial Exclusivity Period, the New Exclusivity Agreement will terminate and become null and void.

Working Capital Loan

Subject to the approval of the Court if necessary, the Investor will arrange advance of funds forming part of the Cash Injection to the SPV as a Loan for the purpose of developing the existing principal business of the Group and preparing a viable Resumption Proposal. The terms for the Loan shall be subject to agreement between the Investor, the Company and the Provisional Liquidators. The Loan will be secured by a debenture creating a floating charge over the assets of the SPV in favour of the Investor. In the event that Completion fails to take place, the Loan shall be repaid by the SPV to the Investor.

Earnest Money and Restructuring Costs

Pursuant to the New Exclusivity Agreement, the Investor has paid a down payment as earnest money to an escrow agent and held in accordance with the terms of an escrow letter entered into between the Investor, the Company, the Provisional Liquidators and the escrow agent on 23 July 2010. This amount is refundable to the Investor upon Early Termination or will otherwise be applied towards part of the amount of the Cash Injection on Completion. If in the reasonable opinion of the Provisional Liquidators, Completion fails to take place as a consequence of the Investor failing to perform any one or more of its material obligations or breaching any of its material obligations under the New Exclusivity Agreement, the earnest money (together with all accrued interest thereon) shall be forfeited and applied for the benefit of the creditors of the Company. The Investor has also paid certain restructuring costs to the Provisional Liquidators as fee contribution towards settlement of the costs and expenses incurred by the Provisional Liquidators and service providers of the Provisional Liquidators and/or the Company in relation to the implementation of the Restructuring Proposal.

APPOINTMENT OF FINANCIAL ADVISER

Asian Capital has been appointed as the financial adviser to the Company for the restructuring of the Company.

FURTHER ADJORNMENT OF WINDING-UP HEARING

At the hearing on 26 July 2010, the Court ordered that the hearing of the winding-up petition in respect of the Company be further adjourned to 25 October 2010.

SUSPENSION OF TRADING

Trading in the Shares has been suspended since 9:30 a.m. on 18 August 2008 at the request of the Company and will remain suspended until further notice. Further announcements will be made should there be any further major development in respect of the Restructuring Proposal.

Shareholders of the Company and potential investors should note that the terms and conditions of the Restructuring Proposal are yet to be finalised and the Restructuring may or may not proceed.

DEFINITIONS

In this announcement, the following expressions shall have the meanings as set out below unless the context requires otherwise:

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| “Asian Capital” | Asian Capital (Corporate Finance) Limited, a corporation licensed under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to carry on type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities |
| “Business Acquisitions” | the business ventures to be introduced by the Investor and acquired by the Group to resurrect and/or expand its existing principal business |

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| “Cash Injection” | the amount to be contributed by the Investor to the Company as satisfaction of consideration for the subscription of new Shares and/or convertible notes of the Company upon Completion |
| “Company” | Peace Mark (Holdings) Limited (Provisional Liquidators Appointed), a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange |
| “Completion” | the completion of the Restructuring Proposal |
| “Court” | the High Court of Hong Kong |
| “Early Termination” | the termination of the New Exclusivity Agreement on the earlier of (i) the expiry of three months of execution of the New Exclusivity Agreement in the event that the Business Acquisitions cannot proceed or (ii) the Investor having given notice to the Provisional Liquidators to terminate the agreement pursuant to the terms of the New Exclusivity Agreement during such period |
| “Exclusivity Period” | the initial 3 months commencing from the signing of the New Exclusivity Agreement which may be automatically extended for a period of 12 months if not terminated |
| “Formal Agreement” | a legally binding agreement for the implementation of the Restructuring Proposal |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Investor” | Time Fine Limited, a company incorporated under the laws of British Virgin Islands with limited liabilities |

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| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Loan” | the working capital loan to be advanced by the Investor to the SPV subject to the approval of the Court if necessary |
| “Mr. Fan” | Mr. Fan Rongzhang, a director and the beneficial owner interested in the entire issued share capital of the Investor as at the date of this announcement |
| “New Exclusivity Agreement” | the agreement entered into amongst the Company, the Provisional Liquidators, the Investor and Mr. Fan on 23 July 2010 for the implementation of the Restructuring Proposal |
| “Old Escrow and Exclusivity Agreement” | the escrow and exclusivity agreement entered into amongst Global Peak Investments Limited, Ferrier Hodgson Limited and the Provisional Liquidators on 5 November 2009, details of which are set out in the Company’s announcement dated 5 November 2009 |
| “Provisional Liquidators” | Mr. Fok Hei Yu and Mr. Roderick John Sutton, the joint and several provisional liquidators of the Company, both of FS Asia Advisory Limited (formerly known as Ferrier Hodgson Limited) acting as agents for and on behalf of the Company without incurring any personal liability |
| “Restructuring” | a proposed restructuring of the Group |
| “Restructuring Proposal” | the proposal in relation to a proposed restructuring of the Group |
| “Resumption Proposal” | the proposal to be submitted by the Company for the purpose of seeking approval of the Stock Exchange for the resumption of trading in the Shares on the Main Board of the Stock Exchange |
| “Shares” | ordinary shares of the Company |

“SPV” the special purpose vehicle to be set up by the Company subject to the approval of the Court if necessary to continue the existing principal business of the Group as part of the Restructuring Proposal

“Stock Exchange” The Stock Exchange of Hong Kong Limited

For and on behalf of
Peace Mark (Holdings) Limited
(Provisional Liquidators Appointed)
Fok Hei Yu
Roderick John Sutton
Joint and Several Provisional Liquidators
who act without personal liability

Hong Kong, 5 August 2010

On the basis of the information available from the previous announcements made by the Company, Mr. Chau Cham Wong, Patrick, Mr. Leung Yung, Mr. Tsang Kwong Chiu, Kevin, Mr. Man Kwok Keung and Mr. De Jaillon Hugues Jacques are executive directors of the Company.