

**PEACE MARK (HOLDINGS) LTD :
THE DIRECTORS ARE SELLING OUT**

Since 1995, at least, publicly listed Peace Mark (Holdings) Ltd (Code: 304) has gone to the public money 'well' not less than 6 times, collecting not less than \$HK292.68 million from its shareholders.

And, having collected the money, via rights issues and warrant issues, it has pissed it all away.

And, again, in the Current Year, ending March 31, 2001, Peace Mark has done it again.

And there is every possibility that this watch-and-clock manufacturer (its trading business has gone up in smoke, now) will piss away this money, too.

After the Books closed for the 2000 Year, Peace Mark collected about \$HK58 million, net of expenses, by Placing 596.50 million shares via the good offices of Upbest Securities Company Ltd.

Details of this matter are contained in the 2000 Annual Report of Peace Mark in Note 35 (b) at Page 56.

It states:

'The Directors of the Company entered into an agreement with Upbest Securities Company Ltd ("Upbest"), an independent third party, as the placing agent on 28th April, 2000 for a placement of 596,500,000 new shares (the "Placement Shares") of HK\$0.10 each in the Company ("Shares") at a price of HK\$0.10 per Placement Share with independent private and professional institutional investors (the "Placement"). The Placement is fully underwritten by Upbest.

'The Placement Share represent approximately 19.4% of the then existing issued share capital of the Company and approximately 16.2% of the then issued share capital of the Company as enlarged by the Placement.

'The net proceeds of the Placement will be used of (sic) the development or procurement of advanced technology and know-how of the application to timepiece business as well as for additional working capital of the Group... '.

Page 10 of the 2000 Annual Report states that, of the \$HK58 million, being the net proceeds of the Share Placement, *'approximately HK\$35 million ... has been used for the development and procurement of advanced technology and know-how for the application to timepiece business and the remaining has been used for additional working capital of the Group.'*

Twenty four days prior to the Share Placement, Peace Mark entered into an agreement with 4 of its bankers (it has 9 banks, listed as being 'Major Bankers') whereby a term-loan facility, amounting to \$HK85 million, was put in place.

The 3-year, syndicated term-loan was led by Ka Wah Capital Ltd (CITIC Ka Wah Bank Ltd is one of Peace Mark's Major Bankers).

Briefly, the terms of the loan are that Peace Mark will repay the principal loan plus interest, starting from the second year of the drawdown in April 2000 by 5 equal installments.

Page 10 of the 2000 Annual Report again: *'...The loan provided additional working capital for the expansion of the timepiece business of the Group.'*

So, piecing the 2 events together, it would appear that Peace Mark was short of working capital to the tune of about \$HK120 million -- \$HK35 million from the 596.50 million Share Placement and part, or all, of the \$HK85-million term loan, afforded by 4 of the Major Bankers of the Group.

Throughout the period 1995-2000, investors in this failure, in terms of capital employed compared with returns received, have been hearing similar songs: *'We need more working capital ... We need to reduce the Group's borrowings ... We need to finance this project or that project ...'*

Meanwhile, investors have never been treated to a cash dividend since 1995.

About 48 days before the 2000 Financial Year came to a close, certain Executive Directors of Peace Mark started to unload part of their shareholdings in the Company.

According to TOLFIN (TARGET's Computerised On-Line Information Service), on or about February 17, 2000, 3 Executive Directors of the Company sold, on The Stock Exchange of Hongkong Ltd, a total of 32.24 million shares in the Issued and Fully Paid-Up Share Capital, representing 1.06 percent of the then Issued and Fully Paid-Up Share Capital, at share prices, ranging between 28.50 cents and 34 cents.

The following day, February 18, 2000, 3 Executive Directors of Peace Mark sold, in aggregate, another 19.76 million shares in the Issued and Fully Paid-Up Share Capital of Peace Mark at prices, ranging between 29 cents per share and 34.50 cents per share, TOLFIN has recorded.

TOLFIN calculates that the second tranche of share sales represented about 0.65 percent of the then Issued and Fully Paid-Up Share Capital of the Company.

Then, 4 days later, 2 Executive Directors of Peace Mark sold, in aggregate, yet again, another 11 million shares in the then Issued and Fully Paid-Up Share Capital of the Company at prices, ranging between 30 cents per share and 31 cents per share.

TOLFIN calculates that the third tranche of share sales represented about 0.36 percent of the then Issued and Fully Paid-Up Share Capital of the Company.

The current stock-market price of the shares of Peace Market is about 5.1 cents.

It is clear that the Executive Directors know, exactly, when to sell their holdings since their share sales were when the price hit its zenith for some time.

Lucky little people!

The Financial Results of the Company for the 2000 Financial Year were a disaster.

The Executive Directors that sold part, or all of their holdings, were, indeed, fortunate.

The 2000 Results

The Net Profits Attributable to Shareholders for the Financial Year, ended March 31, 2000, were about \$HK17.22 million.

But the composition of the Net Profits comprised about \$HK18.59 million, derived from gains on the disposal of listed securities.

Had it not been for the gains on share-market trading activities, this Company would, undoubtedly, have reported a loss situation.

But the Principal Activities of this Company are the manufacture and sales of timepieces, not trading in securities on the stock market.

The Net Profits for the 2000 Year compared very unfavourably with the 1999 Financial Year when the Net Profits Attributable to Shareholders were restated as being about ... [CLICK TO ORDER FULL ARTICLE](#)

While TARGET makes every attempt to ensure accuracy of all data published, TARGET cannot be held responsible for any errors and/or omissions.

-- E N D --

If readers feel that they would like to voice their opinions about that which they have read in TARGET, please feel free to e-mail your views to editor@targetnewspapers.com or targnews@hkstar.com. TARGET does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.