

**PEACE MARK (HOLDINGS) LTD:
THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER ARE SUED**

The Chairman and Chief Executive Officer of Peace Mark (Holdings) Ltd (Provisional Liquidators, having been appointed) have been sued in the High Court of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

They are Messrs Patrick Chau Cham Wong () and Leung Yung (), respectively.

This is the latest state of play in respect of Peace Mark (Holdings) Ltd ([]), once, a high-flying company, being Stock Code, Number 304, Main Board, The Stock Exchange of Hongkong Ltd.

Today, this company is a complete disaster area, being unable to pay its debts as they fall due – by the company's own admission.

According to the Endorsement of Claim, attached to Writ of Summons, Number 1868, there is a matter of the repayment of the sum of 27 million Swiss francs (about \$HK193 million), due by Messrs Patrick Chau Cham Wong and Leung Yung to the Plaintiff of the Action, namely, A-ONE Investments Ltd (Provisional Liquidators appointed), a company, domiciled in the British Virgin Islands (BVI).

Without further ado, the following is a verbatim transcript of the Endorsement of Claim, attached to Writ of Summons, Number 1868:

ENDORSEMENT OF CLAIM

'The Plaintiff is suing on behalf of the 1st Defendant herein, in its capacity as the sole shareholder of the 1st Defendant and on the basis that at the time of the commencement of this action, the 1st Defendant is still under the control of the 2nd and 3rd Defendants, who have acted in breach of their fiduciary duties and duties owed to the 1st Defendant and who are the only directors of the 1st Defendant.

'The Plaintiff's claims are for:

'As against the 1st, 2nd and 3rd Defendant:-

'1. A Declaration that the sum of CHF 27 million paid and payable by Festina Lotus SA to the 1st Defendant under the agreement entered into between the 1st Defendant and Festina Lotus SA on 12 August 2008 ("Agreement") ("Sale Proceeds") are assets belonging to the 1st Defendant. The Sale Proceeds comprise:*

'1.1 The sum of CHF 10 million paid by Festina Lotus SA to the bank account held by the Plaintiff at The Hongkong and Shanghai Banking Corporation Limited, numbered 004-163-206204-001;

'1.2 The sum of CHF 10 million paid by Festina Lotus SA to the bank account held by the 1st Defendant at DBS Bank (Hong Kong) Limited at its branch at 11th Floor, the Centre, 99 Queen's Road Central numbered 8380245560 22nd August 2008; and

'1.3 The sum of CHF 7 million to be paid by Festina Lotus SA to the 1st Defendant on 30 September 2008.

- '2. *A Declaration that the Sale Proceeds and any part thereof which have been paid to or received by the 2nd and 3rd Defendants, their associates or companies owned or controlled by them (collectively “Associates”), are held by the 2nd and 3rd Defendants and the Associates as trustees for the 1st Defendant.*
- '3. *An Injunction to restrain the 1st Defendant, the 2nd and 3rd Defendants and/or the Associates from assigning, alienating, disposing of, diminishing the value of or otherwise howsoever from dealing with the Sale Proceeds and any part thereof in their possession or control.*

'Against the 2nd and 3rd Defendants:

- '4. *An Inquiry as to what part of the Sale Proceeds have been paid to and/or received by the 2nd and 3rd Defendants and/or the Associates.*
- '5. *An order for payment or restitution of the Sale Proceeds and any part thereof which have been paid to or received by the 2nd and 3rd Defendants and/or their Associates to the 1st Defendant.*
- '6. *Damages and/or equitable compensation for breach of fiduciary duties and duties owed by the 2nd and 3rd Defendants to the 1st Defendant.*

'Against the 1st, 2nd and 3rd Defendants:

- '7. *All further or other orders, accounts, enquiries and directions including orders for tracing as may be necessary.*
- '8. *Interest on the sums found to be due to the 1st Defendant pursuant to section 48 of the High Court Ordinance, Chapter 4 of the Laws of Hong Kong or the equitable jurisdiction of the Court for compound interest at such rate and for such period as the Court thinks just.*
- '9. *Further or other relief.*
- '10. *Costs.'*

* Swiss Francs

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