

Not for release, publication or distribution in or into the United States of America, its territories and possessions, any State of the United States and the District of Columbia (the "United States"), Canada, Australia or New Zealand.

This Announcement does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being made into any jurisdiction in which the making or acceptance of the Offer would not be in compliance with the laws of such jurisdiction. However, the Offeror may, in its sole discretion, take such action as it may deem necessary to extend the Offer to shareholders in any such jurisdiction.

VOLUNTARY CONDITIONAL OFFER

by



MACQUARIE

MACQUARIE SECURITIES (ASIA) PTE LIMITED

(Incorporated in the Republic of Singapore)
(Co. Reg. No: 199704430K)

for and on behalf of

A-A UNITED LIMITED

(Incorporated in the British Virgin Islands)
(Co. Reg. No: 1427855)

an indirect wholly-owned subsidiary of



Peace Mark (Holdings) Limited
宜進利(集團)有限公司

PEACE MARK (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)
(Co. Reg. No: F-5867)

to acquire all of the issued ordinary shares
in the capital of

SINCERE WATCH LIMITED

(Incorporated in the Republic of Singapore)
(Co. Reg. No: 197700967)

other than those already owned, controlled or agreed to be acquired by
A-A United Limited and parties acting in concert with it

OFFER ANNOUNCEMENT

1. INTRODUCTION

1.1 The Offer. Macquarie Securities (Asia) Pte Limited (“**Macquarie**”), for and on behalf of A-A United Limited (the “**Offeror**”), an indirect wholly-owned subsidiary of Peace Mark (Holdings) Limited (“**Peace Mark**”), refers to the announcement dated 7 December 2007 (the “**Pre-Conditional Announcement**”) by Macquarie, for and on behalf of the Offeror, relating to the voluntary conditional offer (the “**Offer**”) for all issued ordinary shares (“**Shares**”) in the capital of Sincere Watch Limited (“**Sincere**”), other than those Shares (if any) already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with the Offeror, subject to the satisfaction of certain pre-conditions (the “**Pre-Conditions**”). A copy of the Pre-Conditional Offer Announcement is available on the website of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) at www.sgx.com.

1.2 Pre-Conditions. In the Pre-Conditional Announcement, it was stated that the Offeror will make the Offer subject to the fulfilment of the Pre-Conditions. The Pre-Conditions to the Offer were:

- (i) clearance by the Stock Exchange of Hong Kong Limited (the “**SEHK**”) of Peace Mark’s circular to its shareholders (the “**Peace Mark Circular**”) and clearance of documents or announcements required by the Hong Kong Securities and Futures Commission (the “**HK SFC**”) and/or the SEHK, for or in connection with the structure of the Offer; and
- (ii) the passing of all resolutions as may be necessary to approve the making of the Offer at a general meeting of the shareholders of Peace Mark (or any adjournment thereof).

1.3 Satisfaction of Pre-Conditions. As at the date of this Announcement:

- (i) the SEHK has confirmed it had no comments on the Peace Mark Circular dated 16 January 2008, a copy of which is available on the website of the SEHK at www.hkex.com and the website of the SGX-ST at www.sgx.com, and clearance (where necessary) has been obtained from the SEHK and the HK SFC in relation to the documents and announcements required for and in connection with the structure of the Offer; and
- (ii) as Peace Mark announced on the SEHK today, the shareholders of Peace Mark have approved the following resolutions (the “**Peace Mark Resolutions**”) which were proposed at a special general meeting of Peace Mark (the “**Special General Meeting**”) held on 1 February 2008 in connection with the Offer:
 - (a) the approval and authorisation of the making of the Offer by the Offeror;

- (b) the approval of the participation by Peace Mark in the Offer;
- (c) the authorisation of any Director of Peace Mark to take any action on behalf of Peace Mark he considers necessary, desirable or expedient in connection with the Offer, including without limitation (1) directing the Offeror in connection with the Offer, (2) taking any action in connection with the listing of the New Peace Mark Shares (as defined below) on the SEHK, and (3) taking any action in connection with the matters contemplated by the Peace Mark Resolutions, including executing and delivering such agreements, documents and instruments (including witnessing the affixing of Peace Mark's seal thereto) in such forms and containing such terms as such person executing the same may think fit; and
- (d) the authorisation, approval and, to the extent necessary, ratification of any and all past actions by the Directors of Peace Mark which they may deem or have deemed in their sole discretion to be useful, necessary or conducive with respect to any of the matters contemplated by the Peace Mark Resolutions.

1.4 Offer. Accordingly, all the Pre-Conditions have been satisfied as at the date of this Announcement. **Pursuant to the satisfaction of the Pre-Conditions, Macquarie wishes to announce, for and on behalf of the Offeror, the Offeror's firm intention to make the Offer.**

2. THE OFFER

2.1 Terms. The Offer will be made by the Offeror on the following basis:

- (i) the Offeror will make the Offer for all issued Shares not already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with the Offeror (the "**Offer Shares**") in accordance with Section 139 of the Securities and Futures Act, Chapter 289 of Singapore, and the Singapore Code on Take-overs and Mergers (the "**Code**");
- (ii) the consideration for the Offer (the "**Offer Consideration**") comprises of both cash and new ordinary shares in the capital of Peace Mark (the "**New Peace Mark Shares**"). The price for each Offer Share (the "**Offer Price**") will be as follows:

For each Offer Share:

- (a) **S\$2.051 in cash; and**
- (b) **0.228 New Peace Mark Shares at the issue price of HK\$12.096 (equivalent to S\$2.246 at the exchange rate ratio of S\$1 : HK\$5.385 as at 6 December 2007 being the date immediately preceding the**

date of the Pre-Conditional Announcement) per New Peace Mark Share.

Fractions of a New Peace Mark Share will not be issued to any holder of Offer Shares who accepts the Offer and will be disregarded; and

- (iii) the Offer Shares will be acquired (a) fully paid; (b) free from any mortgage, debenture, lien, charge, pledge, title retention, right to acquire, security interest, option, pre-emptive or similar right, right of first refusal and any other encumbrance or condition whatsoever; and (c) together with all rights, benefits and entitlements attached thereto as at the date of the Pre-Conditional Announcement and hereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by Sincere on or after the date of the Pre-Conditional Announcement.

- 2.2 Conditional Offer.** The Offer will be subject to the Offeror having received, by the close of the Offer, valid acceptances in respect of such number of Offer Shares, which when taken together with the number of Shares owned, controlled or agreed to be acquired before or during the Offer by or on behalf of the Offeror and parties acting in concert with the Offeror, will result in the Offeror and parties acting in concert with the Offeror holding such number of Shares carrying more than 50 per cent. of voting rights attributable to the issued Shares as at the close of the Offer.

Accordingly, the Offer will not become or be capable of being declared unconditional as to acceptances until the Offeror has received valid acceptances in respect of such number of Offer Shares which, when taken together with the number of Shares owned, controlled or agreed to be acquired before or during the Offer by or on behalf of the Offeror and parties acting in concert with the Offeror, will result in the Offeror and parties acting in concert with the Offeror holding such number of Shares carrying more than 50 per cent. of voting rights attributable to the issued Shares.

- 2.3 Clearance by the SEHK.** It was stated in the Pre-Conditional Announcement that the Offer would also be subject to clearance by the SEHK of the listing document to be issued by Peace Mark in relation to the New Peace Mark Shares to be issued by Peace Mark in connection with the Offer and listing approval by the SEHK for such New Peace Mark Shares. The SEHK has confirmed that no listing document is required, and by a letter dated 30 January 2008 the SEHK granted listing approval for the New Peace Mark Shares, subject to the fulfilment of all other conditions to the Offer and the proper allotment and issue of the New Peace Mark Shares and due despatch of the relevant share certificates to shareholders of Sincere who have tendered their Shares in acceptance of the Offer.

- 2.4 Major Shareholder Irrevocable Undertaking.** The Offeror has obtained an irrevocable undertaking dated 7 December 2007 from TBJ Holdings Pte Ltd (the "**Major Shareholder**") to tender all its Shares in acceptance of the Offer within three business days following the date of despatch of the offer document containing the terms and conditions of the Offer (the "**Offer Document**"), in relation to an aggregate of 104,719,307

Shares representing approximately 50.67 per cent. of the issued Shares¹, upon and subject to the terms and conditions of the irrevocable undertaking. The New Peace Mark Shares which the Major Shareholder will receive as part of the Offer Consideration for its Shares will be subject to a three year lock-up period.

Mr. Tay Liam Wee (“**Mr. Tay**”), the Chief Executive Officer and Group Managing Director of Sincere and the Chairman of Sincere Watch (Hong Kong) Limited (“**Sincere Watch HK**”), a subsidiary of Sincere, is the legal and beneficial owner of the Major Shareholder.

Save as disclosed in this Announcement, neither the Offeror nor any party acting in concert with the Offeror has received any irrevocable undertaking from any party to accept or reject the Offer.

2.5 Controlling Shareholders Irrevocable Undertaking. The Major Shareholder has obtained an irrevocable undertaking dated 7 December 2007 from Mr. Patrick Chau Cham Wong and Mr. Leung Yung (the “**Peace Mark Controlling Shareholders**”), in respect of all ordinary shares in the issued share capital of Peace Mark (“**Peace Mark Shares**”) which are beneficially owned by the Peace Mark Controlling Shareholders, which in aggregate shall be not less than 340,593,817 Peace Mark Shares (the “**Relevant Peace Mark Shares**”), pursuant to which the Peace Mark Controlling Shareholders have agreed to:

- (i) vote, or procure the voting of, all of the Relevant Peace Mark Shares in favour of the Offer at a general meeting of Peace Mark; and
- (ii) take all steps or use reasonable endeavours to procure that Peace Mark seeks all relevant clearances and/or approvals in connection with the Offer.

2.6 Break Fee Agreement. Peace Mark and the Major Shareholder have entered into a break fee agreement dated 7 December 2007 (the “**Break Fee Agreement**”) pursuant to which:

- (i) the Major Shareholder has agreed to pay Peace Mark a break fee equal to one per cent. of the aggregate value of the Offer Consideration (the “**Break Fee**”) if it enters into a Competing Proposal (as defined below) from the date of the Break Fee Agreement until the earliest of (a) the date the Offer is completed, terminated, lapses or is withdrawn, (b) the date falling 120 Business Days (as defined below) from the date of the Break Fee Agreement, or (c) the date Peace Mark and the Major Shareholder agree to terminate the Break Fee Agreement by mutual consent in writing; and
- (ii) Peace Mark has agreed to pay to Sincere an amount equivalent to the Break Fee if it enters into a Competing Acquisition (as defined below) during a period of 120 Business Days from 18 October 2007.

¹ In this Announcement, the total number of issued Shares comprise 206,681,104 Shares (as extracted from Sincere’s half year financial statement for the period ended 30 September 2007).

The rationale for the Break Fee Agreement is to demonstrate the commitment by both Peace Mark and the Major Shareholder to commit to the Offer. The quantum of the Break Fee was agreed as a result of arm's length negotiations between the parties involved.

For the purpose of this paragraph 2.6:

"Business Day" means any day (which is not a Saturday, Sunday or a gazetted public holiday) on which commercial banks are open for business in Singapore and Hong Kong;

"Competing Acquisition" means a transaction with respect to a sale, lease, transfer, merger, reorganisation, share exchange, consolidation, business combination or similar disposition or transaction involving any person who is a competitor with Sincere in Singapore in the business of the distribution and retail of luxury watch brands (including, without limitation, The Hour Glass Ltd and Cortina Watch Ltd), its assets or its shares, its controlling shareholders (as defined in the Listing Manual (the **"Listing Manual"**) of the SGX-ST) and its subsidiaries; and

"Competing Proposal" means a transaction which would or which has an effect any of the following:

- (i) preclude or restrict or delay or prejudice the Offer;
- (ii) where any person (other than Peace Mark, the Offeror and their respective affiliates) (whether directly or indirectly) acquires or becomes the holder (whether by share purchase, scheme, capital reconstruction, purchase of assets, tender offer or otherwise) of, or otherwise has an economic interest in:
 - (a) all or any material part of the businesses, revenues, assets or undertakings of Sincere and/or any of its subsidiaries;
 - (b) any five per cent. or more of the share capital of Sincere and/or any of its subsidiaries; or
 - (c) any five per cent. or more of the securities issued by Sincere;
- (iii) where any person (other than Peace Mark, the Offeror and their respective affiliates) acquires control of Sincere or any of its subsidiaries; or
- (iv) where any person (other than Peace Mark, the Offeror and their respective affiliates) otherwise acquires or merges with Sincere or any of its subsidiaries, whether by way of joint venture, dual listed company structure or otherwise.

2.7 Mr. Tay. As stated in the Pre-Conditional Announcement, it is the intention and desire of Peace Mark to retain Mr. Tay as the Chief Executive Officer and Group Managing Director of Sincere to facilitate the continued growth and expansion of Sincere. So far as Peace Mark is aware, as at the date of this Announcement, Mr. Tay and parties acting or presumed to be acting in concert with Mr. Tay hold no Peace Mark Shares. Peace Mark

(through the Offeror) will seek to procure the following, subject to the completion of the Offer:

- (i) Sincere and Mr. Tay will agree to extend Mr. Tay's service agreement with Sincere for a period of up to three years from the date of completion of the Offer based on substantially the same terms as Mr. Tay's current service agreement with Sincere; and
- (ii) Sincere Watch HK and Mr. Tay will agree to extend Mr. Tay's service agreement with Sincere Watch HK for a period of up to three years from the date of completion of the Offer based on substantially the same terms as Mr. Tay's current service agreement with Sincere Watch HK.

The foregoing proposals have not been discussed with Sincere and Sincere Watch HK and will be subject to discussions between Mr. Tay and Sincere and Sincere Watch HK respectively, after the completion of the Offer. In addition, Peace Mark proposes to appoint Mr. Tay as an Executive Director on the board of Peace Mark, subject to completion of the Offer and on terms to be discussed. Mr. Tay has no existing relationship with Peace Mark and its subsidiaries (the "**Peace Mark Group**").

It is intended that Peace Mark will appoint at least one director to the board of Sincere, however as at the date of this Announcement the number and identity of such director(s) have not been confirmed.

- 2.8 Chrono Star Divestment.** As stated in the Pre-Conditional Announcement, Peace Mark understands from Mr. Tay that Chrono Star International Participations Group Franck Muller S.A. ("**Chrono Star**") had indicated that if the Major Shareholder ceased to be the controlling shareholder of Sincere, it would prefer Mr. Tay to acquire Sincere's one per cent. interest in Chrono Star (the "**Chrono Star Shares**"), which Sincere had acquired in December 2005 from Mr. Franck Muller ("**Mr. Muller**"), one of the major shareholders in Chrono Star. The Chrono Star Shares were originally personally offered to Mr. Tay by the major shareholders of Chrono Star, who were agreeable to the Chrono Star Shares being held by Sincere while the Major Shareholder was a major shareholder in Sincere. Peace Mark has no existing interest in Chrono Star.

Chrono Star is a private limited company incorporated in Luxembourg and the parent company for the Franck Muller group, whose principal activities involve owning and operating the Franck Muller brand (amongst other brands). The Chrono Star Shares held by Sincere comprise an aggregate of 175,000 existing ordinary shares (representing one per cent. of the total number of issued shares) in the capital of Chrono Star. Based on the announcement made by the board of directors of Sincere on 3 January 2008 as referred to below, as at 3 January 2008, Chrono Star had an issued share capital of 35,000,000 Swiss Francs divided into 17,500,000 ordinary shares.

Mr. Tay is an existing director of Chrono Star. It should be noted that Mr. Muller and the other major shareholders in Chrono Star have pre-emptive rights in respect of the Chrono

Star Shares held by Sincere, but such pre-emptive rights would be waived upon the completion of the transfer of Sincere's interest in Chrono Star to Mr. Tay.

The Securities Industry Council has ruled that the proposed sale of the Chrono Star Shares by Sincere to Mr. Tay does not constitute a special deal for the purpose of Rule 10 of the Code, subject to the independent financial adviser to Sincere publicly stating that the terms of the proposed sale of the Chrono Star Shares by Sincere to Mr. Tay are fair and reasonable in its opinion.

On 3 January 2008, the board of directors of Sincere announced that Sincere had entered into a conditional sale and purchase agreement dated 3 January 2008 (the "**Chrono Star Agreement**") with Mr. Tay pursuant to which Sincere has agreed to sell, and Mr. Tay has agreed to purchase, the Chrono Star Shares, amounting to an aggregate of 175,000 ordinary shares in Chrono Star, for an aggregate consideration of S\$10,957,496 (the "**Chrono Star Divestment**"). A copy of the announcement by Sincere dated 3 January 2008 in relation to the Chrono Star Divestment (the "**Chrono Star Announcement**") is available on the website of the SGX-ST at www.sgx.com.

According to the Chrono Star Announcement:

- (i) Sincere had appointed Sallmanns (Far East) Limited as independent valuer to determine the market value of the Chrono Star Shares, but on 31 December 2007, Sallmanns (Far East) Limited issued a report stating that they were unable to perform a valuation to reliably estimate the market value of the Chrono Star Shares because there was limited information available from Chrono Star and they were unable to obtain the necessary information to fulfil the requirements for an independent assessment of the market value of the Chrono Star Shares. Accordingly, the consideration is based on one per cent. of the latest available audited book value of Chrono Star of 863,400,000 Swiss Francs as at 31 December 2006, being 8,634,000 Swiss Francs, calculated at the exchange rate of 1.2691 Singapore Dollars to one Swiss Franc (the simple average of the exchange rates of Singapore Dollars to Swiss Francs quoted by Bloomberg over the 20-day period preceding the date of the Chrono Star Agreement). This is above the price paid by Sincere when it acquired the Chrono Star Shares, therefore the board of directors of Sincere is of the view that the consideration represents a reasonable return on the investment made by Sincere in Chrono Star;
- (ii) the obligations of Sincere and Mr. Tay under the Chrono Star Agreement are conditional upon the following:
 - (a) the approval of the shareholders of Sincere being obtained at an extraordinary general meeting to be convened for the purpose of approving the sale of the Chrono Star Shares by Sincere to Mr. Tay. Pursuant to Chapter 9 of the Listing Manual, the approval of Sincere's shareholders is required to be obtained if the value of the Chrono Star Shares is equal to or exceeds S\$6,117,250 (being five per cent. of

S\$122,345,000, the audited consolidated value of the net tangible assets of Sincere as at 31 March 2007. As the consideration of S\$10,957,496 for the Chrono Star Shares exceeds the relevant financial threshold of S\$6,117,250, the Chrono Star Divestment is subject to the approval of Sincere's shareholders);

- (b) the Offer becoming or being declared unconditional as to acceptances; and
- (c) such waivers or consents as may be necessary to enable Mr. Tay and/or his nominee(s) to be registered in the register of members of Chrono Star as holders of any and all of the Chrono Star Shares.

If any of the aforesaid conditions shall not be fulfilled on or before 2 April 2008 or such other date as Sincere and Mr. Tay shall mutually agree in writing, the Chrono Star Agreement shall terminate; and

- (iv) Sincere has appointed Kim Eng Capital Pte. Ltd. to be the independent financial adviser to advise the directors of Sincere who do not have an interest in the Chrono Star Divestment on whether the Chrono Star Divestment is on normal commercial terms and whether it is prejudicial to the interests of Sincere and its minority shareholders. Peace Mark understands that a circular containing further details of the Chrono Star Divestment and the opinion of Kim Eng Capital Pte. Ltd. and the audit committee of Sincere, and enclosing a notice of extraordinary general meeting in connection therewith, will be despatched to Sincere's shareholders in due course.

At this stage, the parties do not know when the Chrono Star Divestment will complete. However, in the event that the Chrono Star Divestment completes, among other things, after completion of the Offer and the appointment of Mr. Tay as an Executive Director of Peace Mark, Peace Mark will comply with the Rules Governing the Listing of Securities on the SEHK. As at the date of this Announcement, Peace Mark is not aware of any further material developments in the Chrono Star Divestment since the Chrono Star Announcement.

2.9 Overseas Shareholders. The availability of the Offer to persons not resident in Singapore may be affected by the laws of the relevant jurisdiction. Shareholders of Sincere who are not resident in Singapore should inform themselves about, and observe, any applicable requirements in their own jurisdiction. For the avoidance of doubt, the Offer is made to all shareholders of Sincere, including those to whom the Offer Document and the relevant acceptance forms will not be sent.

However, the Offer is not being made, directly or indirectly, in or into the United States, Canada, Australia or New Zealand, or by use of the mails, or by any means or instrumentality (including, without limitation, facsimile transmission, telephone and the internet) of interstate or foreign commerce, or of any facility of a national securities exchange, of the United States, Canada, Australia or New Zealand and the Offer cannot

be accepted by any such use, means, instrumentality or facility or from within the United States, Canada, Australia or New Zealand.

Further details in relation to shareholders of Sincere who are not resident in Singapore will be contained in the Offer Document.

3. DESCRIPTION OF THE OFFEROR

The Offeror is an indirect wholly-owned subsidiary of Peace Mark which has been incorporated in the British Virgin Islands as a special purpose vehicle for the purpose of acquiring the Offer Shares pursuant to the Offer.

Peace Mark was incorporated in Bermuda and is listed on the Main Board of the SEHK and has been trading on the SEHK since 1993. Peace Mark is a Hong Kong-based mid to luxury timepiece company with operations mainly located in Hong Kong and Mainland China.

The Peace Mark Group has expanded its business worldwide over the years since Peace Mark's founding in 1983. With strong design capability, the Peace Mark Group manufactures, distributes and sells international brand name timepieces to major markets including the United States of America, Europe, the People's Republic of China (the "PRC") and other Asian countries. In the case of brands sold in the PRC, Peace Mark operates a number of service stores which provide after-sales services.

Headquartered in Hong Kong, Peace Mark boasts an extensive fashion watch retail network for the mid-range market in the Greater China Region, for instance through its TimeZone retail stores, as well as the Peace Mark Tourneau joint-venture and strategic partnerships with local players leading the retailing business of luxury watches in Mainland China. The Peace Mark Group has also diversified and expanded into the high-end jewellery market as it now operates two Boucheron stores in Hong Kong and Shanghai under franchise arrangement (Boucheron being a French high-end jewellery brand under the Gucci Group). Its advanced production facilities are located in (i) Hong Kong, (ii) Shenzhen and Shanghai in the PRC, and (iii) Bienne in Switzerland, and the Peace Mark Group employs more than 10,000 staff.

4. DESCRIPTION OF SINCERE

Sincere was incorporated in Singapore on 10 May 1977. It has been listed on SGX Sesdaq since 2 September 1993 and subsequently on the Main Board of the SGX-ST since 1 February 2005.

Sincere is the holding company in the group comprising Sincere and its subsidiaries (the "**Sincere Group**"). The Sincere Group is one of Singapore's oldest and most established retailers and distributors of brand-name luxury watches, with a network spanning Singapore, Malaysia, Thailand, Hong Kong, Mainland China, India, Australia, South Korea, Indonesia and other countries in both south-east and north-east Asia. Sincere's businesses include brand management, fine watch retailing, travel watch retailing and lifestyle watch retailing.

The Sincere Group now carries a portfolio of over 40 internationally acclaimed brands and enjoys exclusive agency rights for 15 brands, such as Franck Muller, de GRISOGONO, A. Lange & Söhne and F.P. Journe.

The Sincere Group also operates a food and beverage business through its wholly-owned subsidiaries, Culina Holdings Pte Limited and Culina Pte Limited (together, “**Culina**”) and Food Resources Pte Ltd (“**Food Resources**”). Culina has distributed fine food and beverages for the Sincere Group since its establishment in 1994. Culina has two gourmet shops and is one of the largest suppliers of imported premium food and beverages to hotels, retail stores and restaurants throughout Singapore. Food Resources was acquired by the Sincere Group in 2006 and distributes fast moving consumables such as beverages, fruit and vegetable juices, ice-cream and other frozen desserts and frozen foods. Unlike Culina, Food Resources focuses its channels of distribution on convenience stores and supermarkets.

As at 6 December 2007, Sincere had a market capitalisation of approximately S\$479.5 million. The audited consolidated net profit of Sincere for the financial year ended 31 March 2007 was approximately S\$25.385 million after tax (representing approximately HK\$136.698 million at the exchange rate ratio of S\$1 : HK\$5.385 on 6 December 2007) and S\$30.733 million before tax (representing approximately HK\$165.497 million at the exchange rate ratio of S\$1 : HK\$5.385 on 6 December 2007) and the audited consolidated net profit of Sincere for the financial year ended 31 March 2006 was approximately S\$35.096 million after tax (representing HK\$188.992 million at the exchange rate ratio of S\$1 : HK\$5.385 on 6 December 2007) and S\$42.252 million before tax (representing approximately HK\$227.527 million at the exchange rate ratio of S\$1 : HK\$5.385 on 6 December 2007), respectively. The audited consolidated net assets of Sincere as at 31 March 2006 and 31 March 2007 were approximately S\$131.692 million (representing approximately HK\$709.161 million at the exchange rate ratio of S\$1 : HK\$5.385 on 6 December 2007) and S\$135.800 million (representing approximately HK\$731.283 million at the exchange rate ratio of S\$1 : HK\$5.385 on 6 December 2007), respectively.

5. RATIONALE FOR THE OFFER

The board of directors of Peace Mark believes that the Offer provides Peace Mark with an opportunity to complement and further develop its existing business by extending its geographic reach, expanding its existing luxury retail network and expanding its management team. It is expected over time that the combination of these factors will allow Peace Mark to increase the pace of expansion of its luxury retail operations in the PRC and Hong Kong, as well as enjoy greater customer and supplier recognition and economies of scale.

With respect to geographic reach, Sincere presently operates luxury watch retail shops in several markets where Peace Mark has no existing operations, namely Singapore, Malaysia, Thailand, India, Australia, South Korea and Indonesia. Peace Mark believes each of these markets offer positive growth prospects for the Peace Mark Group and an exposure to these markets is in line with Peace Mark’s strategy of being a major regional player in the south-east Asian luxury watch retail segment.

In terms of brand portfolio, Sincere currently carries a portfolio of over 40 internationally acclaimed brands and has exclusive agency rights for 15 brands within certain territories, notably Franck Muller, de GRISOGONO, A. Lange & Söhne and F.P. Journe. Peace Mark currently has no involvement with these brands. Accordingly, completion of the Offer will allow Peace Mark to expand its brand reach and develop new relationships with leading watch makers.

Finally, Peace Mark's major revenue contribution to date has been from watch manufacturing and watch retail. While Peace Mark has some existing operations in the luxury segment, these are not presently of the scale that Peace Mark would like and Peace Mark believes the Offer will allow it to increase its exposure to the luxury segment on a larger scale and within a shorter timeframe than would be possible through organic expansion. A key related element of this is the combined management depth of Peace Mark and Sincere which the board of directors of Peace Mark believes is complementary. In particular, the knowledge that Sincere's management has developed in the building of luxury watch brands and the operation of luxury watch retail stores will be of significant benefit in helping Peace Mark to expand its operation of luxury watch retail stores in Mainland China.

In the event that the Offer completes, the current intention is for Sincere to remain focused on the retail of luxury timepieces in south-east Asia and other new markets like India, while Sincere Watch HK will focus on brand management and the operation of its luxury mono-brand retail outlets in Hong Kong, Macau, the PRC and Taiwan. Peace Mark's focus will remain on retail expansion, especially in Mainland China.

6. THE OFFEROR'S INTENTIONS FOR SINCERE

The Offeror intends for Sincere to continue with its existing activities and has no current intention to (i) introduce any major changes to the business of Sincere, (ii) re-deploy Sincere's fixed assets, (iii) affect the operations of any of its subsidiaries, or (iv) discontinue the employment of any of the existing employees of Sincere and its subsidiaries, other than in the ordinary course of business.

7. LISTING STATUS OF SINCERE

Under Rule 1105 of the Listing Manual, in the event that the Offeror and parties acting in concert with the Offeror should, as a result of the Offer or otherwise, own or control more than 90 per cent. of the issued Shares, the SGX-ST may suspend the listing of the Shares on the SGX-ST until such time when the SGX-ST is satisfied that at least ten per cent. of the issued Shares are held by at least 500 shareholders who are members of the public.

In addition, under Rule 724 of the Listing Manual, if the percentage of the issued Shares held in public hands falls below ten per cent., Sincere must, as soon as possible, announce that fact and the SGX-ST may suspend trading of all the Shares on the SGX-ST. Rule 725 of the Listing Manual states that the SGX-ST may allow Sincere a period of three months, or such longer period as the SGX-ST may agree, for the proportion of

issued Shares held by members of the public to be raised to at least ten per cent. (the “**Shareholding Requirement**”), failing which Sincere may be de-listed from the SGX-ST.

The Offeror’s intention is to acquire a controlling shareholding interest in Sincere and to maintain the present listing status of Sincere on the Main Board of the SGX-ST. Accordingly, the Offeror and/or Peace Mark will take steps to restore the minimum public float so that Sincere meets the Shareholding Requirement, in the event that the Offeror and parties acting in concert with the Offeror end up holding more than 90 per cent. of the issued Shares pursuant to the Offer.

8. COMPULSORY ACQUISITION

As stated above, as the Offeror’s intention is to acquire a controlling shareholding interest in Sincere and to maintain the present listing status of Sincere on the Main Board of the SGX-ST, the Offeror does not intend to avail itself of powers of compulsory acquisition pursuant to Section 215 of the Companies Act, Chapter 50 of Singapore.

9. FINANCIAL ASPECTS OF THE OFFER

9.1 Determination of the Offer Price. The Offer Price has been determined on the basis of willing buyer, willing seller negotiations having regard to various factors including, but not limited to, the prevailing market price of the Shares, the nature and performance of Sincere’s business, the broader industry outlook and the typical control premium paid in Singapore for transactions of this nature. In this Announcement, the notional value of the Offer Price used is S\$2.564, being the aggregate of (i) the price of S\$2.051 to be paid in cash, and (ii) S\$0.513, being the aggregate issue price of 0.228 New Peace Mark Shares issued at the issue price of HK\$12.096 (equivalent to S\$2.246 at the exchange rate ratio of S\$1 : HK\$5.385 as at 6 December 2007 being the date immediately preceding the date of the Pre-Conditional Announcement) per New Peace Mark Share.

9.2 Benchmarking the Offer.²

The notional value of the Offer Price, namely S\$2.564:

- (i) represents a premium of approximately 7 per cent. to the last transacted price of S\$2.39 per Share as quoted on the SGX-ST on 31 January 2008 (being the last market day on which there were trades on the SGX-ST prior to the date of this Announcement);
- (ii) represents a premium of approximately 11 per cent. to the last transacted price of S\$2.32 per Share as quoted on the SGX-ST on 6 December 2007 (being the last market day on which there were trades on the SGX-ST prior to the date of the Pre-Conditional Announcement);

² The figures set out in paragraph 9.2 are based on data extracted from Bloomberg on 6 December 2007 and 31 January 2008.

- (iii) represents a premium of approximately 19 per cent. to the average closing price of approximately S\$2.146 per Share on the SGX-ST for the one-month period prior to the date of the Pre-Conditional Announcement;
- (iv) represents a premium of approximately 32 per cent. to the average closing price of approximately S\$1.941 per Share on the SGX-ST for the three-month period prior to the date of the Pre-Conditional Announcement;
- (v) represents a premium of approximately 47 per cent. over the average closing price of approximately S\$1.740 per Share on the SGX-ST for the six-month period prior to the date of the Pre-Conditional Announcement; and
- (vi) represents a premium of approximately 71 per cent. over the average closing price of approximately S\$1.498 per Share on the SGX-ST for the twelve-month period prior to the date of the Pre-Conditional Announcement.

9.3 Comparison of the Offer Price to Net Asset Value (“NAV”) per ordinary share.³ The notional value of the Offer Price, namely S\$2.564, implies a Price/NAV ratio of 3.8 times.

9.4 Premium of Aggregate Offer Price to Net Asset Value of Sincere. On the basis of the notional value of the Offer Price, namely S\$2.564, the issued Shares are valued at approximately S\$530 million, representing a premium of 290 per cent. to the audited consolidated net assets of Sincere as at 31 March 2007 of approximately S\$135.8 million⁴.

10. DISCLOSURE OF SHAREHOLDINGS AND DEALINGS

10.1 Shareholdings and Dealings in Shares

- (i) **No Shareholdings.** As at the date of this Announcement, none of Peace Mark, the Offeror and parties acting or presumed to be acting in concert with the Offeror (each, a “**Relevant Person**”) owns, controls, or has agreed to acquire any (a) Shares, (b) securities which carry voting rights in Sincere, (c) securities which are convertible into Shares, or (d) rights to subscribe for, or options in respect of, such Shares or securities.
- (ii) **No Dealings.** As at the date of this Announcement, none of the Relevant Persons has dealt for value in any (a) Shares, (b) securities which carry voting rights in Sincere, (c) securities which are convertible into Shares, or (d) rights to subscribe for, or options in respect of, such Shares or securities during the period commencing three months prior to the date of the Pre-Conditional Announcement and ending on the date of this Announcement (the “**Reference Period**”).

³ In this Announcement, the NAV per Share used is S\$0.6816, (as extracted from Sincere’s half year financial statement for the period ended 30 September 2007)

⁴ As extracted from the Annual Report 2006/2007 of Sincere for the financial year ended 31 March 2007.

10.2 Shareholdings and Dealings in Peace Mark Shares

- (i) **Relevant Persons.** The **Schedule** to this Announcement sets out:
- (a) the Peace Mark Shares and options which are convertible into Peace Mark Shares (“**Peace Mark Options**”) owned, controlled or agreed to be acquired by certain Directors of Peace Mark and certain Directors of the Offeror as at the date of this Announcement;
 - (b) the dealings in Peace Mark Shares and Peace Mark Options by certain Directors of Peace Mark and certain Directors of the Offeror during the Reference Period.
- (ii) **No Other Holdings or Dealings.** Save as disclosed in this Announcement, none of the Relevant Persons owns, controls, or has agreed to acquire or has dealt for value in any (a) Peace Mark Shares, (b) securities which carry voting rights in Peace Mark, (c) securities which are convertible into Peace Mark Shares, or (d) rights to subscribe for, or options in respect of, such Peace Mark Shares or securities during the Reference Period.

11. FINANCING OF THE OFFER

The cash element of the Offer Consideration will be financed by a combination of Peace Mark’s internal cash resources and a US\$500,000,000 term loan facility (of which up to US\$200,000,000 may be used to finance such cash element), which was entered into today by, amongst others, the Offeror as borrower, Peace Mark as guarantor and a syndicate of banks (the “**Facility**”).

Further details relating to the Facility are provided in the announcement made today by Peace Mark, a copy of which is available on the website of the SEHK at www.hkex.com and the website of the SGX-ST at www.sgx.com.

12. CONFIRMATION OF FINANCIAL RESOURCES

Macquarie, as the financial adviser to the Offeror in connection with the Offer, confirms that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer, on the basis of the Offer Consideration.

13. OFFER DOCUMENT

The Offer Document will be despatched to the shareholders of Sincere not earlier than 14 days but not later than 21 days from the date of this Announcement.

14. RESPONSIBILITY STATEMENT

The Directors of the Offeror and Peace Mark (including any who may have delegated detailed supervision of this Announcement) have taken all reasonable care to ensure that

the facts stated and all opinions expressed in this Announcement are fair and accurate and that no material facts have been omitted from this Announcement, and they jointly and severally accept responsibility accordingly. Where any information has been extracted or reproduced from published or otherwise publicly available sources (including, without limitation, in relation to Sincere), the sole responsibility of the directors of the Offeror and Peace Mark has been to ensure through reasonable inquiries that such information has been accurately and correctly extracted from such sources or, as the case may be, reflected or reproduced in this Announcement.

Issued by

Macquarie Securities (Asia) Pte Limited

For and on behalf of
A-A United Limited

1 February 2008

Any inquiries relating to this Announcement or the Offer should be directed to the following:

Macquarie Securities (Asia) Pte Limited

Rohit Elhence
Managing Director

Tel: (65) 6231 1178
Fax: (65) 6536 7002

Any media inquiries relating to this Announcement or the Offer should be directed to the following:

Peace Mark (Holdings) Limited

Cherry Lai
Corporate Communications Manager

Tel: (852) 2400 1110
Fax: (852) 2412 0887

Schedule

1. Details of Holdings in Peace Mark Shares and Peace Mark Options

1.1 Directors of Peace Mark

- (i) As at the date of this Announcement, the interests in Peace Mark Shares held by the Directors of Peace Mark are set out below:

Name of Director	Personal Interests	Corporate Interests	Other Interests	Total Interests	Percentage of Total Issued Share Capital (%)
Chau Cham Wong, Patrick	65,631,077	298,660,459	28,416,795 ⁽¹⁾	392,708,331	37.7
Leung Yung	—	327,077,254	65,631,077 ⁽²⁾	392,708,331	37.7
Tsang Kwong Chiu, Kevin	1,598,353	—	—	1,598,353	0.15
Man Kwok Keung	300,000	—	—	300,000	0.03
Cheng Kwan Ling	593,904	—	—	593,904	0.05
Susan So	—	—	—	—	—
Kwok Ping Ki, Albert	300,000	—	—	300,000	0.03
Wong Yee Sui, Andrew	50,000	—	—	50,000	0.005
Tang Yat Kan	350,000	—	10,000 ⁽³⁾	360,000	0.03
Mak Siu Wing, Clifford	250,000	—	—	250,000	0.02

Notes:

- (1) Mr. Chau Cham Wong, Patrick, the Chairman, was deemed to be interested in 28,416,795 Peace Mark Shares for the purposes of section 317 of the Securities and Futures Ordinance of Hong Kong (“SFO”), representing the deemed interests in United Success Enterprises Limited (“United Success”) in respect of its holdings pursuant to a placing and subscription completed in April 2004 (the “Placing and Top Up”). As a result of the foregoing, Mr. Chau Cham Wong, Patrick was deemed to be interested in a total of 392,708,331 Peace Mark Shares.
- (2) Mr. Leung Yung, the Chief Executive Officer, has 49.55 per cent. voting control of A-One Investments Limited and 100 per cent. voting control of United Success, both of which were vendors acting in concert with him in the Placing and Top Up. He was deemed to be interested in 65,631,077 shares of Peace Mark for the purposes of Section 317 of the SFO. Consequently, Mr. Leung Yung was deemed to be interested in a total of 392,708,331 Peace Mark Shares.
- (3) Mr. Tang Yat Kan was deemed to be interested in 10,000 Peace Mark Shares as these Peace Mark Shares are held by his spouse (who is not a Director of Peace Mark).

- (ii) As at the date of this Announcement, the interests in Peace Mark Options held by the Directors of Peace Mark are set out below:

Name	Number of Peace Mark Options
Chau Cham Wong, Patrick	19,800,000
Leung Yung	19,800,000
Tsang Kwong Chiu, Kevin	1,600,000
Man Kwok Keung	550,000
Cheng Kwan Ling	550,000
Susan So	350,000
Kwok Ping Ki, Albert	300,000
Wong Yee Sui, Andrew	475,000
Tang Yat Kan	300,000
Mak Siu Wing, Clifford	350,000

1.2 Directors of the Offeror

The Directors of the Offeror comprise Mr. Chau Cham Wong, Patrick, Mr. Leung Yung and Mr. Tsang Kwong Chiu, Kevin, who are also Directors of Peace Mark. Details of their interests in Peace Mark Shares and Peace Mark Options are set out above.

2. Details of Dealings in Peace Mark Shares and Peace Mark Options

2.1 Directors of Peace Mark

- (i) The dealings in Peace Mark Shares by the Directors of Peace Mark during the Reference Period are set out below:

Name	Date	Number of Peace Mark Shares Acquired	Number of Peace Mark Shares Sold	Average Transaction Price per Peace Mark Share (HK\$)
Wong Yee Sui, Andrew	26 October 2007	—	20,000	12.4
Wong Yee Sui, Andrew	25 October 2007	—	50,000	12.3
Susan So	24 October 2007	—	250,000	12.2

- (ii) The dealings in Peace Mark Options by the Directors of Peace Mark during the Reference Period are set out below:

Name	Date of Grant/ Exercise of Peace Mark Options	Number of Peace Mark Options Granted/ Exercised	Exercise Price of Peace Mark Options (HK\$)	Holdings in Peace Mark Options after the Dealing
Tsang Kwong Chiu, Kevin	28 September 2007	750,000 Peace Mark Options exercised	2.175	1,600,000
Cheng Kwan Ling	28 September 2007	50,000 Peace Mark Options exercised	7.55	550,000
Man Kwok Keung	14 September 2007	50,000 Peace Mark Options exercised	7.55	550,000

2.2 Directors of the Offeror

The Directors of the Offeror comprise Mr. Chau Cham Wong, Patrick, Mr. Leung Yung and Mr. Tsang Kwong Chiu, Kevin, who are also Directors of Peace Mark. Details of the dealing in Peace Mark Options during the Reference Period by Mr. Tsang Kwong Chiu, Kevin, are set out above.