

DEFINITIONS

In this prospectus, the following expressions have the following meanings, unless the context otherwise requires:

“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturdays and Sundays) on which licensed banks in Hong Kong are generally open for banking business
“BVI”	the British Virgin Islands
“Capitalisation Issue”	the issue of Shares by way of capitalisation of part of the sum standing to the credit of the share premium account of the Company as referred to in the paragraph headed “Written resolutions of all the Shareholders passed on 23rd October, 2002” under the section headed “Further information about the Company and its subsidiaries” in Appendix IV to this prospectus
“Castores Magi”	Castores Magi Surveyors Limited, registered professional surveyors
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Law”	the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	PME Group Limited, a company incorporated in the Cayman Islands on 27th February, 2002 with limited liability
“Director(s)”	the director(s) of the Company
“Dongguan PME”	Dongguan PME Polishing Materials & Equipment Co. Ltd., a wholly foreign owned enterprise established in the PRC and a wholly owned subsidiary of the Company
“Emperor” or “Sponsor”	Emperor Capital Limited, the sponsor of the Share Offer, and an investment adviser and dealer registered under the Securities Ordinance (Chapter 333 of the Laws of Hong Kong)
“Emperor Securities”	Emperor Securities Limited, the manager of the Share Offer and one of the Underwriters and a dealer registered under the Securities Ordinance (Chapter 333 of the Laws of Hong Kong)

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“Group”	the Company and its subsidiaries or, where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries, those present subsidiaries as if they were the Company’s subsidiaries during such period
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Invest Now”	Invest Now Management Limited, a company incorporated in the BVI and wholly and beneficially owned by Ms. Mak Shuk Yin
“Latest Practicable Date”	28th October, 2002 being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Major Shareholder” or “Vendor”	PME Investments, the vendor of the Sale Shares and an investment holding company for the holding of the Shares on behalf of Mr. K W Cheng, Mr. K C Cheng and Ms. Cheng
“Mr. K C Cheng”	Mr. Cheng Kwong Cheong, an executive Director and a substantial Shareholder and a brother of Mr. K W Cheng and Ms. Cheng
“Mr. K W Cheng”	Mr. Cheng Kwok Woo, an executive Director and a substantial Shareholder and a brother of Mr. K C Cheng and Ms. Cheng
“Ms. Cheng”	Ms. Cheng Wai Ying, an executive Director and a substantial Shareholder and sister of Mr. K C Cheng and Mr. K W Cheng
“New Issue” or “Public Offer”	the offer for subscription by the public in Hong Kong of the New Issue Shares for cash at the Offer Price payable in full on application and subject to the terms and conditions stated herein and in the application forms relating hereto
“New Issue Shares”	the 20,000,000 New Shares initially being offered for subscription under the New Issue, subject to re-allocation as mentioned in the section headed “Structure of the Share Offer” in this prospectus

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“New Issue Underwriters”	Emperor Securities, Taiwan Concord Capital Securities (Hong Kong) Limited, Tai Fook Securities Company Limited and Celestial Capital Limited
“New Shares”	120,000,000 new Shares to be offered for subscription by the Company under the Share Offer
“Offer for Sale”	the offer for sale of the Sale Shares by the Vendor under the Placing
“Offer Price”	the price of HK\$0.25 per Offer Share, exclusive of brokerage, the Stock Exchange trading fee and the SFC transaction levy, at which the Offer Shares are to be offered pursuant to the Share Offer
“Offer Shares”	the New Issue Shares and the Placing Shares
“Over-allotment Option”	the option granted by the Company to Emperor Securities under the Underwriting Agreement under which the Company may be required to allot and issue up to 30,000,000 additional new Shares, representing 15% of the Shares initially available under the Share Offer at the Offer Price, solely to cover over-allocations in the Placing, if any
“Placing”	the conditional placing of the Placing Shares by the Company at the Offer Price to professional, institutional and other private investors as further described in the section headed “Structure of the Share Offer” in this prospectus
“Placing Shares”	the 180,000,000 Shares which comprises 100,000,000 New Shares and 80,000,000 Sale Shares being initially offered for subscription and purchase respectively under the Placing subject to re-allocation as described in the section headed “Structure of the Share Offer” in this prospectus
“Placing Underwriters”	Emperor Securities, Taiwan Concord Capital Securities (Hong Kong) Limited, Tai Fook Securities Company Limited and Celestial Capital Limited
“PME (BVI)”	PME International (BVI) Company Limited, a company incorporated in the BVI with limited liability and a wholly owned subsidiary of the Company
“PME International”	PME International Company Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company

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“PME Investments”	PME Investments (BVI) Co., Ltd., a company incorporated in the BVI with limited liability and which is beneficially owned as to one-third by each of Mr. K C Cheng, Mr. K W Cheng and Ms. Cheng
“PRC”	the People’s Republic of China, which for the purpose of this prospectus, excludes Hong Kong, Taiwan and the Macau Special Administrative Region of the People’s Republic of China
“Precise Goal”	Precise Goal Holdings Limited, a company incorporated in the BVI with limited liability and wholly and beneficially owned by Ms. Tai Kwong Yau, Janet
“Reorganisation”	the corporate reorganisation of the Group in preparation for the listing of the Shares on the Stock Exchange, details of which are set out in the paragraph headed “Group reorganisation” under the section headed “Further information about the Company and its subsidiaries” in Appendix IV to this prospectus
“SAFE”	the PRC State Administration of Foreign Exchange (中國國家外匯管理局), a government agency responsible for foreign exchange administration in the PRC
“Sale Shares”	the 80,000,000 Shares being offered for sale by the Vendor at the Offer Price under the Placing (subject to re-allocation to the New Issue as described in the section headed “Structure of the Share Offer” in this prospectus)
“SDI Ordinance”	the Securities (Disclosure of Interests) Ordinance (Chapter 396 of the Laws of Hong Kong)
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Share Offer”	the New Issue and the Placing
“Share Option Scheme”	the share option scheme conditionally adopted by the Shareholders on 23rd October, 2002, the principal terms of which are summarised in the section headed “Share Option Scheme” in Appendix IV to this prospectus
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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“Track Record Period”	the three financial years ended 31st December, 2001 and the three months ended 31st March, 2002
“Triple Profit”	Triple Profit Management Limited, a company incorporated in the BVI with limited liability and wholly and beneficially owned by Ms. Fung Mo Leung
“Underwriters”	the Placing Underwriters and the New Issue Underwriters
“Underwriting Agreement”	the conditional underwriting and placing agreement dated 30th October, 2002 entered into between, among others, the Company, the Vendor, the executive Directors, the Sponsor and the Underwriters relating to the Share Offer, particulars of which are summarised in the section headed “Underwriting” in this prospectus
“WTO”	the World Trade Organisation
“HK\$” and “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“kg”	kilogram
“NT\$”	New Taiwan dollars, the lawful currency of Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“sq.ft.”	square feet
“sq.m.”	square meters
“US” or “United States”	the United States of America
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent.

Unless otherwise specified in this prospectus, amounts denominated in foreign currencies (other than those relating to the financial information of the Group which are translated at the rates as at the relevant dates in question) have been translated, for the purpose of illustration only, into Hong Kong dollars using the following rates:

*US\$1 = HK\$7.80
RMB1 = HK\$0.9433
NT\$1 = HK\$0.2241*

No representation is made that any amount in US\$, RMB, HK\$ or NT\$ could have been or could be converted at the above rate or at any other rate or at all.