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## **PME GROUP LIMITED**

**必美宜集團有限公司\***

(Incorporated in the Cayman Islands with limited liability)

### **ANNOUNCEMENT**

Announcement in respect of increase in the turnover of the shares of the Company

This statement is made at the request of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The directors of PME Group Limited (the “Company”) have noted the recent increase in the turnover of the shares of the Company and wish to state that, saved for the followings, we are not aware of any reasons for such increase.

We confirm that a wholly-owned subsidiary of the Company, Dongguan PME Polishing Materials & Equipment Co., Ltd. (“Dongguan PME”), has signed a statement of intension with an enterprise established in the PRC (the “Chinese Party”) to set up a joint venture (the “Proposed JV”) for the manufacturing of polishing materials in the PRC. Dongguan PME will hold at least 51% interest in the Proposed JV. The Chinese Party is an independent third party not connected with the directors, chief executive or substantial shareholder of the Company or any of its subsidiaries or any of their respective associates, as defined in the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

We are also in negotiation with a polishing materials manufacturer in Japan (the “Japan Manufacturer”) for the possibility of co-operation in the manufacturing of polishing materials. The Japan Manufacture is an independent third party not connected with the directors, chief executive or substantial shareholder of the Company or any of its subsidiaries or any of their respective associates, as defined in the Listing Rules.

We wish to state that the amount, timing and other details of the Proposed JV have not yet been finalised. No binding agreement in relation to the Proposed JV has been entered by Dongguan PME. We also wish to state that the negotiation with the Japan Manufacturer is in a preliminary stage. The Proposed JV and the negotiation with the Japan Manufacturer may or may not proceed. The Company will keep the public informed by making further announcements on the progress of the Proposed JV and the negotiation with the Japan Manufacturer as appropriate.

**Shareholders of the Company and other investors should exercise caution in dealing in the shares of the Company.**

Saved as disclosed above, we confirm that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under paragraph 3 of the Listing Agreement, neither is the Board aware of any matter discloseable under the general obligation imposed by paragraph 2 of the Listing Agreement, which is or may be of a price-sensitive nature.

Made by the order of the Board of the Company, the directors of which individually and jointly accept responsibility for the accuracy of this statement.

By Order of the Board  
**Cheng Wai Ying**  
*Director*

Hong Kong, 5 December 2003

\* *For identification purposes only*

“Please also refer to the published version of this announcement in The Standard”