
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in PME Group Limited (the “**Company**”), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



PME GROUP LIMITED

必美宜集團有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 379)

- (1) PROPOSED GRANT OF GENERAL MANDATES
TO ISSUE AND REPURCHASE SHARES;
(2) PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION;
(3) PROPOSED RE-ELECTION OF DIRECTORS; AND
(4) NOTICE OF ANNUAL GENERAL MEETING**

A notice convening an annual general meeting of the Company to be held at 5th Floor, Unison Industrial Centre, Nos. 27-31 Au Pui Wan Street, Fo Tan, Shatin, New Territories, Hong Kong at 11:00 a.m. on 28 May 2004 is set out on pages 17 to 24 of this circular. A form of proxy for use at the annual general meeting is enclosed with this circular. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk.

Whether or not you are able to attend the annual general meeting, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed thereon and deposit the same at the offices of the Company's branch share registrar and transfer office in Hong Kong, Secretaries Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the annual general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the annual general meeting or any adjournment thereof should you so wish.

* For identification purpose only

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be convened on 28 May 2004 and held to consider and, if thought fit, to approve, among other things, the proposed grant of the General Mandate and the Repurchase Mandate, the proposed amendments to the Articles of Association and the re-election of Directors
“Articles of Association”	the articles of association of the Company
“associate”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Company”	PME Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“Directors”	the directors of the Company
“General Mandate”	the general mandate proposed to be granted to the Directors at the AGM to issue further new Shares not exceeding 20% of the issued share capital of the Company
“Group”	the Company and all of its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	26 April 2004, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Repurchase Mandate”	the repurchase mandate proposed to be granted to the Directors at the AGM to repurchase up to 10% of the issued share capital of the Company

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

LETTER FROM THE BOARD



PME GROUP LIMITED

必美宜集團有限公司*

(incorporated in the Cayman Islands with limited liability)

Executive Directors:

Mr. Cheng Kwok Woo (*Chairman*)
Mr. Cheng Kwong Cheong (*Vice Chairman and CEO*)
Ms. Cheng Wai Ying
Mr. Chow Yin Kwang
Ms. Chan Yim Fan
Mr. Chung Kam Fai, Raymond

Registered office:

Century Yard, Cricket Square
Hutchins Drive
P.O. Box 2681 GT
George Town
Grand Cayman
British West Indies

Non-executive Director:

Mr. Zheng Jin Hong

*Head office and principal place
of business in Hong Kong:*

5th Floor
Unison Industrial Centre
Nos. 27-31 Au Pui Wan Street
Fo Tan, Shatin
New Territories
Hong Kong

Independent Non-executive Directors:

Mr. Anthony Francis Martin Conway
Mr. Li Kin, Kent

30 April 2004

To the Shareholders

Dear Sir or Madam,

- (1) PROPOSED GRANT OF GENERAL MANDATES
TO ISSUE AND REPURCHASE SHARES;
(2) PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION;
(3) PROPOSED RE-ELECTION OF DIRECTORS; AND
(4) NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

At the forthcoming AGM, resolutions will be proposed to seek the Shareholders' approval for, among other things, (i) the granting of the General Mandate and the Repurchase Mandate to the Directors; (ii) the amendments to the Articles of Association; and (iii) the re-election of Directors.

* For identification purpose only

LETTER FROM THE BOARD

The purpose of this circular is to provide you with information relating to the resolutions to be proposed at the AGM for the grant of the General Mandate and the Repurchase Mandate, the proposed amendments to the Articles of Association, the proposed re-election of Directors and the notice of the AGM.

GENERAL MANDATE AND REPURCHASE MANDATE

At the AGM, the Directors propose to seek the approval of the Shareholders to grant to the Directors the General Mandate and the Repurchase Mandate.

General Mandate

At the AGM, an ordinary resolution will be proposed that the Directors be given an unconditional general mandate to allot, issue and deal with unissued Shares or securities convertible into Shares, options, warrants or similar rights to subscribe for any Shares (other than by way of rights or pursuant to a share option scheme for employees of the Company or Directors and/or any of its subsidiaries or pursuant to any scrip dividend scheme or similar arrangements providing for the allotment and issue of Shares in lieu of whole or part of the dividend on Shares in accordance with the Articles of Association or upon the exercise of rights of subscription or conversion under the terms of any securities or bonds convertible into Shares) or make or grant offers, agreements, options and warrants which might require the exercise of such power, of an aggregate nominal amount of up to 20% of the aggregate nominal amount of the issued Shares.

As at the Latest Practicable Date, the Company had an aggregate of 960,000,000 Shares in issue. Subject to the passing of the resolution for the approval of the General Mandate and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the AGM, the Company would be allowed under the General Mandate to allot, issue and deal with a maximum of 192,000,000 Shares.

Repurchase Mandate

At the AGM, an ordinary resolution will also be proposed that the Directors be given an unconditional general mandate to repurchase Shares on the Stock Exchange or any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for such purpose, of an aggregate nominal amount of up to 10% of the aggregate nominal amount of the issued Shares.

Subject to the passing of the resolution for the approval of the Repurchase Mandate and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 96,000,000 Shares.

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The General Mandate and the Repurchase Mandate shall continue to be in force during the period from the date of passing of the resolutions for the approval of the General Mandate and the Repurchase Mandate up to (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association, the Companies Law (Law 3 of 1961, as consolidated and revised) or any applicable laws of the Cayman Islands to be held; or (iii) the revocation or variation of the General Mandate or the Repurchase Mandate (as the case may be) by ordinary resolution of the Shareholders in general meeting, whichever occurs first.

An explanatory statement in connection with the Repurchase Mandate is set out in Appendix I to this circular. The explanatory statement contains all the requisite information required under the Listing Rules to be given to the Shareholders to enable them to make an informed decision on whether to vote for or against the resolution approving the Repurchase Mandate.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Stock Exchange has recently announced amendments to the Listing Rules relating to, among other things, the articles of association or equivalent constitutional documents of listed issuers. The amendments to the Listing Rules have come into effect on 31 March 2004. Accordingly, the Directors propose to seek the approval of the Shareholders for the amendments to the Articles of Association to ensure its compliance with the amendments made to the Listing Rules.

The Directors propose to seek the approval of the Shareholders for, among other things, the following amendments to the Articles of Association:

Article 2

1. By inserting the following new definition of “associate” in Article 2:

““associate” the meaning attributed to it in the rules of the Designated Stock Exchange.”

2. By substituting the existing definition of “clearing house” with the following new definition in Article 2:

““clearing house” a clearing house recognised by the laws of the jurisdiction in which the shares of the Company are listed or quoted on a stock exchange in such jurisdiction.”

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Article 76

1. By re-numbering existing Article 76 as Article 76(1);
2. By inserting the following as new Article 76(2):

“(2) Where the Company has knowledge that any Member is, under the rules of the Designated Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such Member in contravention of such requirement or restriction shall not be counted.”

Article 88

By deleting the words “not less than seven (7) clear days but not more than fourteen (14) clear days before the date of the general meeting” in the last sentence of Article 88 and replacing therewith the following proviso:

“provided that the minimum length of the period, during which such Notice(s) are given, shall be at least seven (7) days and that the period for lodgment of such Notice(s) shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.”

Article 103

By deleting the existing Article 103 in its entirety and replacing therewith the following new Article 103:

- “103. (1) A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following matters namely:
- (i) any contract or arrangement for the giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;

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- (ii) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iv) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company;
- (v) any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder or in which the Director and his associate(s) are not in aggregate beneficially interested in five (5) per cent or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associates is derived);
or
- (vi) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates.

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- (2) A company shall be deemed to be a company in which a Director and/or his associate(s) owns five (5) per cent. or more if and so long as (but only if and so long as) he and/or his associates, (either directly or indirectly) are the holders of or beneficially interested in five (5) per cent. or more of any class of the equity share capital of such company or of the voting rights available to members of such company (or of any third company through which his interest or that of any of his associates is derived). For the purpose of this paragraph there shall be disregarded any shares held by a Director or his associate(s) as bare or custodian trustee and in which he or any of them has no beneficial interest, any shares comprised in a trust in which the interest of the Director or his associate(s) is/are in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorised unit trust scheme in which the Director or his associate(s) is/are interested only as a unit holder and any shares which carry no voting right at general meetings and very restrictive dividend and return of capital right.
- (3) Where a company in which a Director and/or his associate(s) holds five (5) per cent. or more is materially interested in a transaction, then that Director and/or his associate(s) shall also be deemed materially interested in such transaction.
- (4) If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director (other than the chairman of the meeting) or as to the entitlement of any Director (other than such chairman) to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to such other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director concerned as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting such question shall be decided by a resolution of the Board (for which purpose such chairman shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman as known to such chairman has not been fairly disclosed to the Board.”

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RE-ELECTION OF DIRECTORS

According to Article 86(3), any Director so appointed by the Board either to fill a casual vacancy or as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In accordance with Article 86(3), Messrs. Anthony Francis Martin Conway and Li Kin, Kent shall retire from office at the AGM. Being eligible, each of Messrs. Anthony Francis Martin Conway and Li Kin, Kent will offer himself for re-election as independent non-executive Director.

According to Article 87(1), one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not exceeding one-third, shall retire from office by rotation at every annual general meeting of the Company. A retiring Director shall be eligible for re-election. According to Article 87(2), any Director appointed pursuant to Article 86(2) or Article 86(3) shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.

In accordance with Articles 87(1), Mr. Chow Yin Kwang and Ms. Chan Yim Fan shall retire from office by rotation at the AGM. Being eligible, each of Mr. Chow Yin Kwang and Ms. Chan Yim Fan will offer himself for re-election as executive Director.

At the AGM, ordinary resolutions will be proposed to re-elect Mr. Chow Yin Kwang, Ms. Chan Yim Fan, Mr. Anthony Francis Martin Conway and Mr. Li Kin, Kent as Directors.

Particulars relating to Mr. Chow Yin Kwang, Ms. Chan Yim Fan, Mr. Anthony Francis Martin Conway and Mr. Li Kin, Kent are set out in Appendix III to this circular.

AGM

A notice convening the AGM to be held at 5th Floor, Unison Industrial Centre, Nos. 27-31 Au Pui Wan Street, Fo Tan, Shatin, New Territories, Hong Kong at 11:00 a.m. on 28 May 2004 is set out on pages 17 to 24 of this circular. Ordinary resolutions will be proposed at the AGM to approve, among other things, the proposed grant of the General Mandate and the Repurchase Mandate and the proposed re-election of Directors. A special resolution will also be proposed at the AGM to approve the proposed amendments to the Articles of Association.

A form of proxy for use at the AGM is enclosed with this circular and such form of proxy is also published at the website of the Stock Exchange at www.hkex.com.hk. Whether or not you are able to attend the AGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the offices of the Company's branch share registrar and transfer office in Hong Kong, Secretaries Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the

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time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

RECOMMENDATION

The Directors consider the proposed grant of the General Mandate and the Repurchase Mandate, the proposed amendments to the Articles of Association and the proposed re-election of Directors are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM.

FURTHER INFORMATION

Your attention is also drawn to the additional information set out in the Appendices to this circular.

Yours faithfully
For and on behalf of the Board of
PME Group Limited
Cheng Kwok Woo
Chairman

This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide the requisite information to you for your consideration of the Repurchase Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the Company had an aggregate of 960,000,000 issued Shares. Subject to the passing of the resolution for the approval of the Repurchase Mandate and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 96,000,000 Shares (being 10% of the Share in issue as at the date of the resolution approving the Repurchase Mandate) during the period from the date of passing of the resolution for the approval of the Repurchase Mandate up to (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association, the Companies Law (Law 3 of 1961, as consolidated or revised) or any other applicable laws of the Cayman Islands to be held; or (iii) the revocation or variation of the Repurchase Mandate by ordinary resolution of the Shareholders in general meeting, whichever occurs first.

2. REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders for the Directors to have general authority from Shareholders to enable the Company to repurchase Shares in the market. Repurchases of Shares will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share.

3. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association of the Company and the Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands. The Company may not repurchase its own Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

4. GENERAL

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited consolidated financial statements contained in the annual report of the Company for the year ended 31 December 2003) in the event that the Repurchase Mandate is exercised in full at any time during the proposed purchase period. However, the Directors do not propose to exercise the Repurchase

Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or on the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

5. SHARE PRICES

The highest and lowest prices at which the Shares were traded on the Stock Exchange during each of the twelve months immediately preceding the Latest Practicable Date are as follows:

Month	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2003		
April	0.395	0.280
May	0.400	0.380
June	0.375	0.310
July	0.315	0.300
August	0.315	0.290
September	0.435	0.290
October	0.560	0.390
November	0.540	0.475
December	0.485	0.400
2004		
January	0.540	0.410
February	0.490	0.435
March	0.465	0.385
April (up to the Latest Practicable Date)	0.440	0.370

6. DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange that they will exercise the power of the Company to make purchases pursuant to the Repurchase Mandate in accordance with the Listing Rules, the memorandum of association of the Company and Articles of Association and the applicable laws of the Cayman Islands.

7. TAKEOVERS CODE CONSEQUENCE

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of Rule 32 of the Takeovers Code. As a result, a Shareholder, or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of

increase in the Shareholder's interests, could obtain or consolidate control of the Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, the following substantial Shareholders are interested in more than 10% of the Shares then in issue:

Name	Number of Shares	Approximate percentage of holding
PME Investments (BVI) Co., Ltd. (<i>Note 1</i>)	358,328,000	37.32%
Mr. Cheng Kwok Woo (<i>Note 2</i>)	412,728,000	42.99%
Mr. Cheng Kwong Cheong (<i>Note 2</i>)	412,728,000	42.99%
Ms. Cheng Wai Ying (<i>Note 2</i>)	412,728,000	42.99%

Notes:

1. PME Investments (BVI) Co., Ltd. is an investment holding company incorporated in the British Virgin Islands and its entire issued share capital is beneficially owned as to one-third by each of Mr. Cheng Kwok Woo, Mr. Cheng Kwong Cheong and Ms. Cheng Wai Ying.
2. Each of Mr. Cheng Kwok Woo, Mr. Cheng Kwong Cheong and Ms. Cheng Wai Ying personally holds 54,400,000 Shares, being 5.67% of the entire issued share capital of the Company. Each of them is further beneficially interested in one-third of PME Investments (BVI) Co., Ltd. and is accordingly deemed to be interested in the entire interests of PME Investments (BVI) Co., Ltd. in the Company.

In the event that the Directors exercise in full the power to repurchase Shares in accordance with the Repurchase Mandate, the total interests of the above Shareholders in the Shares would be increased to:

Name	Approximate percentage of holding
PME Investments (BVI) Co., Ltd.	41.47%
Mr. Cheng Kwok Woo	47.77%
Mr. Cheng Kwong Cheong	47.77%
Ms. Cheng Wai Ying	47.77%

The Directors are not aware of any consequences which may arise under the Takeovers Code as consequences of any purchase made under the Repurchase Mandate. However, the Company may not repurchase Shares which would result in the amount of Shares held by the public being reduced to less than 25%.

As Mr. Cheng Kwok Woo, Mr. Cheng Kwong Cheong and Ms. Cheng Wai Ying are considered as parties acting in concert, an exercise of the Repurchase Mandate in full will not result in them becoming obliged to make a mandatory offer under Rule 26 of the Takeovers Code. The Directors have no intention to exercise the Repurchase Mandate to such an extent that will result in the number of shares in the hands of public falling below the prescribed minimum percentage of 25 per cent..

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective associates have notified the Company of any present intention, if the Repurchase Mandate is approved by the Shareholders at the AGM to sell Shares to the Company or its subsidiaries.

No connected person of the Company has notified the Company that it has a present intention to sell Shares to the Company, or has undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders at the AGM.

8. SHARES REPURCHASE MADE BY THE COMPANY

No repurchases of Shares have been made by the Company (whether on the Stock Exchange or otherwise) during the six months immediately prior to the Latest Practicable Date.

The procedures by which the Shareholders may demand a poll at the AGM are set out in this Appendix.

According to Article 66, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded. A poll may be demanded by:

- (a) the chairman of the meeting; or
- (b) at least three Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) any Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (d) any Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

The details of the Directors who will retire from office at the AGM and being eligible, will offer themselves for re-election at the AGM, are set out below:

Mr. Chow Yin Kwang, an executive Director, aged 65. He joined the Group in 1995. Mr. Chow is responsible for the project development of the Group. He has approximately nine years' experience in the Group's project development, operation and quality management. Before joining the Group, Mr. Chow had more than 30 years experience in operation management. Mr. Chow does not have, and is not deemed to have, any interests or short positions in any shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO). Mr. Chow does not have any relationship with any other Directors, senior management of the Company, substantial Shareholders or controlling Shareholders.

Ms. Chan Yim Fan, an executive Director, aged 53 joined the Group in 1990. She is responsible for the logistics of the Group including product supply, delivery, storage and raw materials procurement. She has over 15 years' experience in logistics management. Ms. Chan beneficially owns 8,205,333 Shares, representing approximately 0.85% of the entire issued share capital of the Company as at the Latest Practicable Date. Ms. Chan does not have any relationship with any other Directors, senior management of the Company, substantial Shareholders or controlling Shareholders.

Mr. Anthony Francis Martin Conway, an independent non-executive director, aged 64, jointed the Group in May 2003. He has over 39 years' experience in information technology and telecommunications, having held director and senior management positions in various renowned telecoms and information technology companies. He is currently the chairman of I.Tel Holdings Limited, and a fellow member of the Hong Kong Institute of Directors, the Hong Kong Management Association, the British Computer Society and the Hong Kong Institution of Engineers. Mr. Conway does not have, and is not deemed to have, any interests or short positions in any shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO). Mr. Conway does not have any relationship with any other Directors, senior management of the Company, substantial Shareholders or controlling Shareholders.

Mr. Li Kin, Kent, an independent non-executive director, aged 40, jointed the Group in May 2003. He has been a solicitor and consultant at Messrs. Chan and Cheng, Solicitors since 1990, mainly handling commercial law practices as well as commercial litigations. Mr. Li does not have, and is not deemed to have, any interests or short positions in any shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO). Mr. Li does not have any relationship with any other Directors, senior management of the Company, substantial Shareholders or controlling Shareholders.



PME GROUP LIMITED

必美宜集團有限公司*

(incorporated in the Cayman Islands with limited liability)

NOTICE IS HEREBY GIVEN that an annual general meeting of PME Group Limited (the “**Company**”) will be held at 11:00 a.m. on 28 May 2004 at 5th Floor, Unison Industrial Centre, 27-31 Au Pui Wan Street, Fo Tan, Shatin, New Territories, Hong Kong for the following purposes:

1. To receive and consider the audited consolidated financial statements and the reports of the Directors and Auditors for the year ended 31 December 2003;
2. To declare a final dividend for the year ended 31 December 2003;
3. To re-elect Directors, and to authorise the Board of Directors to fix the Directors’ remuneration;
4. To re-appoint Auditors and to authorise the Board of Directors to fix their remuneration;
5. To consider as special business and, if thought fit, pass with or without amendments, the following resolution as a special resolution:

Article 2

1. By inserting the following new definition of “associate” in Article 2:

““associate” the meaning attributed to it in the rules of the Designated Stock Exchange.”
2. By substituting the existing definition of “clearing house” with the following new definition in Article 2:

““clearing house” a clearing house recognised by the laws of the jurisdiction in which the shares of the Company are listed or quoted on a stock exchange in such jurisdiction.”

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Article 76

1. By re-numbering existing Article 76 as Article 76(1);
2. By inserting the following as new Article 76(2):

“(2) Where the Company has knowledge that any Member is, under the rules of the Designated Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such Member in contravention of such requirement or restriction shall not be counted.”

Article 88

By deleting the words “not less than seven (7) clear days but not more than fourteen (14) clear days before the date of the general meeting” in the last sentence of Article 88 and replacing therewith the following proviso:

“provided that the minimum length of the period, during which such Notice(s) are given, shall be at least seven (7) days and that the period for lodgment of such Notice(s) shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.”

Article 103

By deleting the existing Article 103 in its entirety and replacing therewith the following new Article 103:

- “103. (1) A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following matters namely:
- (i) any contract or arrangement for the giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;

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- (ii) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/ themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iv) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company;
- (v) any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder or in which the Director and his associate(s) are not in aggregate beneficially interested in five (5) per cent or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associates is derived);
or
- (vi) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates.

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- (2) A company shall be deemed to be a company in which a Director and/or his associate(s) owns five (5) per cent. or more if and so long as (but only if and so long as) he and/or his associates, (either directly or indirectly) are the holders of or beneficially interested in five (5) per cent. or more of any class of the equity share capital of such company or of the voting rights available to members of such company (or of any third company through which his interest or that of any of his associates is derived). For the purpose of this paragraph there shall be disregarded any shares held by a Director or his associate(s) as bare or custodian trustee and in which he or any of them has no beneficial interest, any shares comprised in a trust in which the interest of the Director or his associate(s) is/are in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorised unit trust scheme in which the Director or his associate(s) is/are interested only as a unit holder and any shares which carry no voting right at general meetings and very restrictive dividend and return of capital right.
- (3) Where a company in which a Director and/or his associate(s) holds five (5) per cent. or more is materially interested in a transaction, then that Director and/or his associate(s) shall also be deemed materially interested in such transaction.
- (4) If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director (other than the chairman of the meeting) or as to the entitlement of any Director (other than such chairman) to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to such other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director concerned as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting such question shall be decided by a resolution of the Board (for which purpose such chairman shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman as known to such chairman has not been fairly disclosed to the Board.”

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6. To consider as special business and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“THAT:

- (a) subject to paragraph (c) below, pursuant to the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to allot, issue and deal with unissued Shares and to make or grant offers, agreements and options, including warrants to subscribe for Shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue; or (ii) the exercise of any options granted under the share option scheme of the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company in force from time to time; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares, shall not exceed the aggregate of:
- (aa) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution;
and
- (bb) (if the directors of the Company are so authorised by a separate ordinary resolution of the shareholders of the Company) the nominal amount of any share capital of the Company repurchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution),

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and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

(d) for the purposes of this resolution:

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, the Companies Law (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the “**Companies Law**”) or any other applicable law of Cayman Islands to be held; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution;

“**Rights Issue**” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the directors of the Company to holders of Shares on the register on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

7. “**THAT:**

- (a) the exercise by the directors of the Company during the Relevant Period of all powers of the Company to purchase the Shares on the Stock Exchange or any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission, the Stock Exchange, the Companies Law and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;

NOTICE OF THE AGM

- (b) the aggregate nominal amount of Shares which may be purchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (c) for the purposes of this resolution, “**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, the Companies Law or any other applicable law of Cayman Islands to be held; and
 - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution.”
8. “**THAT** the directors of the Company be and they are hereby authorised to exercise the authority referred to in paragraph (a) of resolution no. 6 above in respect of the share capital of the Company referred to in sub-paragraph (bb) of paragraph (c) of such resolution.”

For and on behalf of
the board of directors of
PME Group Limited
Cheng Kwok Woo
Chairman

Hong Kong, 30 April 2004

Registered office:
Century Yard
Cricket Square
Hutchins Drive
P.O. Box 2681 GT
George Town
Grand Cayman
British West Indies

*Head office and principal place of
business in Hong Kong:*
5th Floor
Unison Industrial Centre
Nos. 27-31 Au Pui Wan Street
Fo Tan, Shatin
New Territories
Hong Kong

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Notes:

1. The register of members of the Company will be closed from 25 May 2004 to 28 May 2004 (both days inclusive) during which period no transfer of Shares will be registered. In order to qualify for voting at the annual general meeting to be held on 28 May 2004, all transfers of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Secretaries Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 24 May 2004.
2. A member entitled to attend and vote at the annual general meeting convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the annual general meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.
3. A form of proxy for use at the annual general meeting is enclosed. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, at the offices of the Company's branch share registrar and transfer office in Hong Kong, Secretaries Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the annual general meeting or any adjournment thereof. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the annual general meeting or any adjournment thereof, should he so wish.
4. In the case of joint holders of Shares, any one of such holders may vote at the annual general meeting, either personally or by proxy, in respect of such Share as if he was solely entitled thereto, but if more than one of such joint holders are present at the annual general meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Shares shall alone be entitled to vote in respect thereof.
5. In relation to proposed resolution no. 3 above, Mr. Chow Yin Kwang and Ms. Chan Yim Fan will retire from their offices by rotation at the annual general meeting pursuant to Article 87(1), and Messrs. Anthony Francis Martin Conway and Li Kin, Kent will retire from their offices at the annual general meeting pursuant to Article 86(3), and being eligible, will offer themselves for re-election at the annual general meeting.
6. In relation to proposed resolutions nos. 6 and 8 above, approval is being sought from the shareholders of the Company for the grant to the Directors of a general mandate to authorise the allotment and issue of Shares under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Directors have no immediate plans to issue new Shares other than the Shares which may fall to be issued under the share option schemes of the Company or any scrip dividend scheme or similar arrangement providing for the allotment and issue of Shares in lieu of whole or part of a dividend which may be approved by shareholders of the Company.
7. In relation to proposed resolution no. 7 above, the Directors wish to state that they will exercise the powers conferred thereby to repurchase Shares in circumstances which they deem appropriate for the benefit of the shareholders of the Company. An explanatory statement containing the information necessary to enable the shareholders of the Company to make an informed decision to vote on the proposed resolution as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited is set out in Appendix I to this circular.



PME GROUP LIMITED

必美宜集團有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 379)

PROXY FORM

Form of proxy for use at the Annual General Meeting to be held on 28 May 2004 and at any adjournment thereof.

I/We¹ _____
of _____

being the registered holder(s) of _____ shares² of HK\$0.01 each
in the capital of the above-named Company, HEREBY APPOINT THE CHAIRMAN OF THE MEETING or³

of _____
as my/our proxy to vote and act for me/us at the Annual General Meeting (and at any adjournment thereof) (the "Meeting") of the said Company to be held at 5th Floor, Unison Industrial Centre, Nos. 27-31, Au Pui Wan Street, Fo Tan, Shatin, New Territories, Hong Kong on 28 May 2004 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the Resolutions set out in the Notice convening the said Meeting and at such Meeting (and at any adjournment thereof) to vote for me/us and in my/our name(s) in respect of the Resolutions as indicated below⁴.

		FOR	AGAINST
1.	To receive and consider the Audited Consolidated Financial Statements and the Reports of the Directors and Auditors for the year ended 31 December 2003		
2.	To declare final dividend for the year ended 31 December 2003		
3.	(a) To re-elect Mr. Chow Yin Kwang as Executive Director		
	(b) To re-elect Ms. Chan Yim Fan as Executive Director		
	(c) To re-elect Mr. Anthony Francis Martin Conway as Independent Non-executive Director		
	(d) To re-elect Mr. Li Kin Kent as Independent Non-executive Director		
	(e) To authorise the Board of Directors to fix the Directors' remuneration		
4.	To re-appoint auditors and to authorise the Board of Directors to fix their remuneration		
5.	To approve the amendments to the Articles of Association		
6.	To grant to the Directors the General Mandate		
7.	To grant to the Directors the Repurchase Mandate		
8.	To extend the authority granted to the Directors under the General Mandate		

Dated this _____ day of _____ 2004 Shareholder's Signature: _____
(notes 5, 6, 7 and 8)

Notes:

- Full name(s) and address(es) are to be inserted in **BLOCK CAPITALS**.
- Please insert the number of shares registered in your name(s). If no number is inserted, this form of proxy will be deemed to relate to all the shares in the capital of the Company registered in your name(s).
- A proxy need not be a member of the Company. If you wish to appoint some person other than the Chairman of the Meeting as your proxy, please delete the words "the Chairman of the Meeting or" and insert the name and address of the person appointed proxy in the space provided.
- If you wish to vote for any of the resolutions set out above, please tick ("✓") the boxes marked "For". If you wish to vote against any resolutions, please tick ("✓") the boxes marked "Against"**. If this form returned is duly signed but without specific direction on any of the proposed resolutions, the proxy will vote or abstain at his discretion in respect of all resolutions; or if in respect of a particular proposed resolution there is no specific direction, the proxy will, in relation to that particular proposed resolution, vote or abstain at his discretion. A proxy will also be entitled to vote at his discretion on any resolution properly put to the meeting other than those set out in the notice convening the meeting.
- In the case of a joint holding, this form of proxy may be signed by any joint holder, but if more than one joint holder is present at the meeting, whether in person or by proxy, that one of the joint holder whose name stands first on the register of members in respect of the relevant joint holding shall alone be entitled to vote in respect thereof.
- This form of proxy must be signed by a shareholder, or his attorney duly authorised in writing, or if the shareholder is a corporation, either under its Common Seal or under the hand of an officer or attorney so authorised.
- To be valid, this form of proxy together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority must be deposited at the offices of the Company's Hong Kong branch share registrar, Secretaries Limited, at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 48 hours before the time of the meeting or any adjourned meeting.
- Any alteration made to this form should be initialled by the person who signs the form.

* for identification purposes only