
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 RE-ELECTION OF DIRECTORS; AND
(3) NOTICE OF ANNUAL GENERAL MEETING

A notice convening an annual general meeting of the Company to be held at 11:00 a.m. on Tuesday, 31 May 2005 at 5th Floor, Unison Industrial Centre, Nos. 27-31 Au Pui Wan Street, Fo Tan, Shatin, New Territories, Hong Kong is set out on pages 14 to 18 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 head office and principal place of business of the Company at 5th Floor, Unison Industrial Centre, Nos. 27-31 Au Pui Wan Street, Fo Tan, Shatin, New Territories, 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 31 May 2005 and held to consider and, if thought fit, to approve, among other things, the proposed grant of the General Mandate and the Repurchase Mandate 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 as at the date of granting the general mandate
“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”	25 April 2005, 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 as at the date of granting the repurchase mandate

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 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

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:*

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. Leung Yuen Wing

Mr. Lam Hon Ming Edward

29 April 2005

To the Shareholders

Dear Sir or Madam,

- (1) PROPOSED GRANT OF GENERAL MANDATES
TO ISSUE AND REPURCHASE SHARES;
(2) PROPOSED RE-ELECTION OF DIRECTORS; AND
(3) 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; and (ii) the re-election of Directors.

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 re-election of Directors and the notice of the AGM.

* For identification purpose only

LETTER FROM THE BOARD

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 date of granting the general mandate.

As at the Latest Practicable Date, the Company had an aggregate of 958,000,000 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 191,600,000 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 as at the date of granting the repurchase mandate.

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 95,800,000 Shares.

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.

LETTER FROM THE BOARD

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. Leung Yuen Wing and Lam Hon Ming Edward shall retire from office at the AGM. Being eligible, each of Messrs. Leung Yuen Wing and Lam Hon Ming Edward 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 Article 87(1), Messrs. Cheng Kwong Cheong and Zheng Jin Hong shall retire from office by rotation at the AGM. Being eligible, each of Messrs. Cheng Kwong Cheong and Zheng Jin Hong will offer himself for re-election as executive Director and non-executive Director respectively.

At the AGM, ordinary resolutions will be proposed to re-elect Messrs. Cheng Kwong Cheong, Zheng Jin Hong, Leung Yuen Wing and Lam Hon Ming Edward as Directors.

Particulars relating to Messrs. Cheng Kwong Cheong, Zheng Jin Hong, Leung Yuen Wing and Lam Hon Ming Edward are set out in Appendix III to this circular.

AGM

A notice convening the AGM to be held at 11:00 a.m. on Tuesday, 31 May 2005 at 5th Floor, Unison Industrial Centre, Nos. 27-31 Au Pui Wan Street, Fo Tan, Shatin, New Territories, Hong Kong is set out on pages 14 to 18 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 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 head office and principal place of business of the Company at 5th Floor, Unison Industrial Centre, Nos. 27-31 Au Pui Wan Street, Fo Tan, Shatin, New Territories, Hong Kong as soon as possible and in any event not less than 48 hours before the 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.

LETTER FROM THE BOARD

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 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 requisite information to you for your consideration of the Repurchase Mandate.

1. REPURCHASE OF SECURITIES FROM CONNECTED PARTIES

The Listing Rules prohibit a company from knowingly purchasing securities on the Stock Exchange from a “connected person”, that is, a director, chief executive or substantial shareholder of the Company or any of its subsidiaries or their respective associates (as defined in the Listing Rules) and a connected person is prohibited from knowingly selling his/her/its securities to the Company.

No connected person of the Company has notified the Company that he/she/it has a present intention to sell any Shares to the Company nor has any such connected person undertaken not to sell any of the Shares held by him/her/it to the Company in the event that the Repurchase Mandate is passed.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 958,000,000 fully paid Shares.

Subject to the passing of the proposed resolution for the approval of the Repurchase Mandate and on the basis that no further Shares are issued or repurchased by the Company prior to the AGM, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 95,800,000 fully paid Shares.

3. REASONS FOR THE REPURCHASE

The Directors believe that the Repurchase Mandate is in the best interests of the Company and its shareholders as a whole. An exercise of the Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets per Share and/or earnings per Share and will only be made when the Directors believe that a repurchase will benefit the Company and its shareholders as a whole.

4. FUNDING OF REPURCHASES

Pursuant to the Repurchase Mandate, repurchases would be funded entirely from the Company’s available cash flow or working capital facilities which will be funds legally available under the Cayman Islands law and the memorandum and articles of association of the Company for such purpose.

An exercise of the Repurchase Mandate in full could have a material adverse impact on the working capital and gearing position of the Company compared with that as at 31 December 2004, being the date of its latest published audited consolidated accounts. The Directors do not, however, intend to make any repurchase in circumstances that would have a material adverse impact on the working capital or gearing position of the Company.

5. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange in each of the previous twelve calendar months were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2004		
April	0.440	0.370
May	0.390	0.249
June	0.305	0.235
July	0.295	0.245
August	0.280	0.211
September	0.270	0.235
October	0.260	0.191
November	0.220	0.186
December	0.200	0.142
2005		
January	0.190	0.168
February	0.209	0.150
March	0.190	0.165
April (up to the Latest Practicable Date)	0.191	0.093

6. DISCLOSURE OF INTERESTS AND MINIMUM PUBLIC HOLDING

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

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the Listing Rules and applicable laws of the Cayman Islands.

If a shareholder's proportionate interest in the voting rights of the Company increases on the Company exercising its powers to repurchase Shares pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a shareholder or group of shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

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

Name	Number of Shares	Percentage holding
PME Investments (BVI) Co., Ltd. (<i>Note 1</i>)	305,388,000	31.88%
Cheng Kwok Woo (<i>Note 2</i>)	359,788,000	37.56%
Cheng Kwong Cheong (<i>Note 2</i>)	359,788,000	37.56%
Cheng Wai Ying (<i>Note 2</i>)	359,788,000	37.56%
Tsang Sui Tuen (<i>Note 3</i>)	359,788,000	37.56%
Wan Kam Ping (<i>Note 4</i>)	359,788,000	37.56%
Cheng Yau Kuen (<i>Note 5</i>)	359,788,000	37.56%

Notes:

1. PME Investments (BVI) Co., Ltd. ("PME Investments") 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 5.68% of the entire issued share capital of the Company. Each of them is further beneficially interested in one-third of PME Investments and is accordingly deemed to be interested in the entire interests of PME Investments in the Company.
3. Ms. Tsang Sui Tuen is the spouse of Mr. Cheng Kwok Woo and is accordingly deemed to have interest in 359,788,000 Shares that Mr. Cheng Kwok Woo has interest in.
4. Ms. Wan Kam Ping is the spouse of Mr. Cheng Kwong Cheong and is accordingly deemed to have interest in 359,788,000 Shares that Mr. Cheng Kwong Cheong has interest in.
5. Mr. Cheng Yau Kuen is the spouse of Ms. Cheng Wai Ying and is accordingly deemed to have interest in 359,788,000 Shares that Ms. Cheng Wai Ying has interest in.

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	Percentage holding
PME Investments	35.42%
Cheng Kwok Woo	41.73%
Cheng Kwong Cheong	41.73%
Cheng Wai Ying	41.73%
Tsang Sui Tuen	41.73%
Wan Kam Ping	41.73%
Cheng Yau Kuen	41.73%

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%.

On the basis of the current shareholding of PME Investments, Mr. Cheng Kwok Woo, Mr. Cheng Kwong Cheong, Ms. Cheng Wai Ying, Ms. Tsang Sui Tuen, Ms. Wan Kam Ping and Mr. Cheng Yau Kuen, an exercise of the Repurchase Mandate in full will result in them becoming obliged to make a mandatory offer under Rule 26 of the Takeovers Code.

The Directors have no intention to exercise any of the Repurchase Mandate to such an extent that will result in a requirement of PME Investments, Mr. Cheng Kwok Woo, Mr. Cheng Kwong Cheong, Ms. Cheng Wai Ying, Ms. Tsang Sui Tuen, Ms. Wan Kam Ping and Mr. Cheng Yau Kuen to make a mandatory offer under the Takeovers Code.

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.

7. SHARES REPURCHASE MADE BY THE COMPANY

The Company has repurchased 2,000,000 Shares on the Stock Exchange during the six months immediately prior to the Latest Practicable Date. Details of the repurchases of Shares were as follows:

Trading Day/Date	Number of Shares repurchased	Price per Share or Highest Price Paid <i>HK\$</i>	Lowest Price Paid <i>HK\$</i>
10 December 2004	1,000,000	0.150	0.149
15 December 2004	1,000,000	0.150	0.150
Total	<u>2,000,000</u>		

APPENDIX II**PROCEDURES BY WHICH SHAREHOLDERS
MAY DEMAND A POLL AT GENERAL MEETING
PURSUANT TO THE ARTICLES OF ASSOCIATION**

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:

(1) Mr. Cheng Kwong Cheong

Mr. Cheng Kwong Cheong, aged 44, is the vice-chairman and chief executive officer of the Group. He joined the Group in 1990 and is responsible for marketing development of the Group and overseeing the Group's product development and production process. He has over 20 years' experience in the trading and manufacturing of abrasive products. Mr. Cheng is the brother of Mr. Cheng Kwok Woo and Ms. Cheng Wai Ying. Other than acting as an executive Director of the Company, Mr. Cheng did not hold any directorship in any listed companies in the past three years. He has entered into a service agreement with the Company for a term of three years commencing from 1 October 2002 and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other. Mr. Cheng is currently entitled to an annual emolument of HK\$897,000 and a management bonus to be determined by the Board at their absolute discretion. As at the Latest Practicable Date, Mr. Cheng has personal interests of 54,400,000 Shares and corporate interests of 305,388,000 Share through the holding of PME Investments, representing approximately 37.56% in aggregate of the entire issued share capital of the Company. Save as disclosed above, Mr. Cheng does not have, and is not deemed to have, any other interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations within the meaning of Part XV of the SFO.

(2) Mr. Zheng Jin Hong

Mr. Zheng Jin Hong, aged 41, a non-executive Director, joined the Group in 2002. He is a certified public accountant and certified tax accountant in the People's Republic of China. He is a director of the Dongguan Accounting Society and an executive director of the Dongguan Association of Certified Public Accountants. Other than disclosed above, Mr. Zheng did not hold any directorship in any listed companies in the past three years. He does not have any relationship with any other Directors, senior management of the Company, substantial Shareholders or controlling Shareholders. Mr. Zheng has not entered into any service contract with the Company and there is no designated length of service with the Company. However, his directorship is subject to retirement by rotation and re-election in accordance with the Articles of Association. He does not have, and is not deemed to have, any interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations within the meaning of Part XV of the SFO.

(3) Mr. Leung Yuen Wing

Mr. Leung Yuen Wing, aged 38, an independent non-executive Director, joined the Group in September 2004 and was appointed as an audit committee member of the Company. Mr. Leung holds a Bachelor of Business Administration degree from the Chinese University of Hong Kong. He is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Currently, he is the Financial Controller and Company Secretary of iMerchants Limited (“iMerchants”) (stock code: 8009). Prior to joining iMerchants in March 2000, Mr. Leung was an audit manager of PricewaterhouseCoopers. Mr. Leung previously also worked in the managerial positions in the Greater China corporate finance division of Peregrine Capital Limited and KPMG’s audit division. Save as disclosed above, he did not hold any directorship in listed companies in the past three years. Mr. Leung does not have any relationship with any other Directors, senior management of the Company, substantial Shareholders or controlling Shareholders. Mr. Leung has not entered into any service contract with the Company and there is no designated length of service with the Company. However, his directorship is subject to retirement by rotation and re-election in accordance with the Articles of Association. He does not have, and is not deemed to have, any interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations within the meaning of Part XV of the SFO.

(4) Mr. Lam Hon Ming Edward

Mr. Lam Hon Ming Edward, aged 35, an independent non-executive Director, joined the Group in September 2004 and was appointed as an audit committee member of the Company. Mr. Lam is an associate member of the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Company Secretaries. He has over 10 years experience in corporate finance and management sector and is a specialist in compliance auditing for financial institutions in Greater China. Mr. Lam is currently a director of Benchmark Corporate Consultants (HK) Company Limited. Save as disclosed above, he did not hold any directorship in listed companies in the past three years. Mr. Lam does not have any relationship with any other Directors, senior management of the Company, substantial Shareholders or controlling Shareholders. Mr. Lam has not entered into any service contract with the Company and there is no designated length of service with the Company. However, his directorship is subject to retirement by rotation and re-election in accordance with the Articles of Association. He does not have, and is not deemed to have, any interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations within the meaning of Part XV of the SFO.

NOTICE OF AGM



PME GROUP LIMITED

必美宜集團有限公司*

(incorporated in the Cayman Islands with limited liability)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an annual general meeting of PME Group Limited (the “**Company**”) will be held at 11:00 a.m. on Tuesday, 31 May 2005 at 5th Floor, Unison Industrial Centre, Nos. 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 2004;
2. To re-elect Directors, and to authorise the Board of Directors to fix the Directors’ remuneration;
3. To re-appoint Auditors and to authorise the Board of Directors to fix their remuneration;
4. 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;

* For identification purpose only

NOTICE OF AGM

- (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 the resolution no. 5),

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;

NOTICE OF AGM

“**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).”

5. “**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;
- (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.”

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6. “**THAT** the directors of the Company be and they are hereby authorised to exercise the authority referred to in paragraph (a) of resolution no. 4 above in respect of the share capital of the Company referred to in sub-paragraph (bb) of paragraph (c) of such resolution.”

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

Hong Kong, 29 April 2005

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:*

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

Notes:

1. In order to qualify for voting at the annual general meeting to be held on 31 May 2005, 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, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 27 May 2005.
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 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 head office and principal place of business of the Company at 5th Floor, Unison Industrial Centre, Nos. 27-31 Au Pui Wan Street, Fo Tan, Shatin, New Territories, 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.

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5. In relation to proposed resolution no. 2 above, Messrs. Cheng Kwong Cheong and Zheng Jin Hong will retire from their offices by rotation at the annual general meeting pursuant to Article 87(1), and Messrs. Leung Yuen Wing and Lam Hon Ming Edward 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. 4 and 6 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 Listing Rules. 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. 5 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 Listing Rules is set out in Appendix I to this circular.