

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, 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 announcement.



PME GROUP LIMITED

必美宜集團有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 379)

DISCLOSEABLE TRANSACTION INVOLVING DISPOSAL OF A PROPERTY

The directors of PME Group Limited (the “Company”) are pleased to announce that on 5 January 2007, PME International (BVI) Company Limited, a wholly-owned subsidiary of the Company, entered into an agreement for sale and purchase (the “Agreement”) with Standard Jackson Development Limited in relation to the disposal of a property for a consideration of HK\$5,200,000.

The Agreement constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. A circular containing further details of the Agreement will be sent to the shareholders of the Company as soon as practicable.

The directors (the “Directors”) of PME Group Limited (the “Company”) are pleased to announce that on 5 January 2007, an agreement for sale and purchase (the “Agreement”) was entered into between PME International (BVI) Company Limited (“PMEI”), a wholly-owned subsidiary of the Company, and Standard Jackson Development Limited (“Standard Jackson”) with details as follows:

THE AGREEMENT

Date : 5 January 2007

Vendor : PMEI, a wholly-owned subsidiary of the Company

Purchaser : Standard Jackson, a company incorporated in Hong Kong with limited liability

The Company and its subsidiaries (the “Group”) are principally engaged in manufacturing and trading of polishing materials and equipment. The principal business activity of Standard Jackson is trading of machinery.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, Standard Jackson and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

Property to be disposed

The property to be disposed is Unit A on 5/F, Unison Industrial Centre, 27-31 Au Pui Wan Street, Fo Tan, Shatin, New Territories, Hong Kong (the "Property"). The gross floor area of the Property is 4,729 square feet.

The Property was occupied by the Group as warehouse for the year ended 31 December 2005 and the eight months ended 31 August 2006. The Property was leased to a third party commenced from 1 September 2006 to 31 August 2008 at monthly rental of HK\$31,800 inclusive of management fees, government rents and rates. The Property was disposed together with the current lease and no compensation is required to be paid by PMEI.

The net profit before tax and after tax attributable to the Property for the year ended 31 December 2006 are approximately HK\$83,000 and HK\$68,000 respectively. There was no profit attributable to the Property for the year ended 31 December 2005.

Consideration and payment terms

The consideration for the disposal of the Property is HK\$5,200,000. Deposit of HK\$520,000 has been received by PMEI. The balance in the sum of HK\$4,680,000 will be settled in cash upon the completion of the sale of the Property on or before 31 January 2007.

The consideration was arrived at after arm's length negotiation between the vendor and purchaser and with reference to current market value of properties for industrial use in the nearby locality.

As at 31 December 2006, the net book value of the Property was approximately HK\$2,930,000. After deducting the net book value of the Property and the expected legal and other related costs and expenses, the expected gain to the Group from the disposal of the Property will be approximately HK\$2,210,000.

Completion date

Completion of the sale and purchase of the Property is expected to take place on or before 31 January 2007.

REASONS FOR THE DISPOSAL

The Directors consider that the terms of the Agreement are entered into upon normal commercial terms following arm's length negotiations among the parties and that the terms of the Agreement are fair and reasonable and are in the interests of the Company and the shareholders of the Company as a whole as the cash raised from the disposal will enhance the Group's liquidity and increase the funds available for general working capital.

USE OF NET PROCEED

The net proceed from the disposal is approximately HK\$5,140,000, which will be used for general working capital purpose.

GENERAL

The Agreement constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

A circular containing further details of the Agreement will be sent to the shareholders of the Company as soon as practicable.

By Order of the Board
PME GROUP LIMITED
Cheng Kwok Woo
Chairman

Hong Kong, 8 January 2007

* *For identification purpose only*

As at the date of this announcement, the Board comprises (1) Mr Cheng Kwok Woo, Mr Cheng Kwong Cheong, Ms Cheng Wai Ying, Mr Chow Yin Kwang, and Ms Chan Yim Fan as executive directors; (2) Mr Zheng Jin Hong as non-executive director; and (3) Messrs Anthony Francis Martin Conway, Leung Yuen Wing and Lam Hon Ming Edward as independent non-executive directors.

“Please also refer to the published version of this announcement in the International Herald Tribune”