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PME GROUP LIMITED
必美宜集團有限公司*

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 379)

Termination of Discloseable Transaction

PMEI has entered into an agreement with Standard Jackson to terminate the sale of the Property.

Reference is made to the Company's announcement dated 8 January 2007 and the Company's circular dated 26 January 2007 in relation to the disposal of a property. Terms used in this announcement shall have the same meanings as ascribed thereto in that circular.

On 5 January 2007, PMEI, a wholly-owned subsidiary of the Company, and Standard Jackson entered into the Agreement pursuant to which PMEI agreed to sell and Standard Jackson agreed to purchase the Property at a consideration of HK\$5,200,000.

As PMEI and Standard Jackson have dispute over the interpretation of a title document concerning the Property, both parties have mutually agreed to cancel the Agreement. They entered into a Cancellation Agreement on 8 February 2007 to terminate the sale of the Property with effect from the date of the signing of the Cancellation Agreement. Pursuant to the Cancellation Agreement, PMEI and Standard Jackson have agreed to terminate and release all their respective rights and obligations in relation to the Agreement. The deposit of HK\$520,000 paid to PMEI by Standard Jackson has been returned to Standard Jackson without any interest thereon. No compensation is required for both parties.

The Property is currently leased to a third party independent of the Company and its connected persons for a term of two years commenced from 1 September 2006 to 31 August 2008. The Company intends to continue the current lease.

The Directors consider that the termination of sale of the Property does not have any material adverse impact on the Group's operations and its financial position.

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

Hong Kong, 9 February 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"