

MEMORANDUM OF UNDERSTANDING

The Board is pleased to announce that on 15 January 2008, the Proposed Purchaser entered into the MOU with the Proposed Vendor in relation to the intention of the Proposed Purchaser in the equity investment in Giant Billion.

Giant Billion has entered into a framework agreement with Beijing Zhongtijiāng Cultural Broadcast Co., Ltd. (北京中體健文化傳播有限公司) which has entered into a memorandum of understanding with a PRC cable television operator for the operation of sports related television business.

A sum of HK\$32,000,000 shall be paid by the Proposed Purchaser to the Proposed Vendor as the refundable deposit. A period of 30 calendar days as the exclusivity period from the date of the MOU was granted by the Proposed Vendor to the Proposed Purchaser for, inter alia, conducting the due diligence review of Giant Billion.

The Directors wish, through the Proposed Transaction, to further develop media and advertising business in PRC.

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Proposed Transaction

The board (“Board”) of directors (“Directors”) of the Company is pleased to announce that on 15 January 2008, Smart Genius Limited (the “Proposed Purchaser”), a wholly-owned subsidiary of the Company, entered into a memorandum of understanding (the “MOU”) with Crown Sunny Limited (the “Proposed Vendor”) in relation to the intention of the Proposed Purchaser in the equity investment in Giant Billion Limited (“Giant Billion”), a company incorporated in Hong Kong with limited liability and wholly-owned by Crown Sunny Limited (“Proposed Transaction”).

The Refundable Deposit

According to the MOU, the Proposed Purchaser shall, within three Business Days upon execution of the MOU, pay to the Proposed Vendor a sum of HK\$32,000,000 as the refundable deposit (“Deposit”). The Proposed Vendor will provide information to the Proposed Purchaser of Giant Billion for the due diligence review (“DD Review”) of Giant Billion. A period of 30 calendar days as the exclusivity period (“Exclusivity Period”) from the date of the MOU was granted by the Proposed Vendor to the Proposed Purchaser for, inter alia, conducting the DD Review.

If a formal agreement (the “Formal Agreement”) in relation to the Proposed Transaction has been entered into between the Proposed Purchaser and the Proposed Vendor, the Deposit shall be applied as deposit and partial payment of the consideration for the Proposed Transaction in accordance with the terms of the Formal Agreement. If the consideration per the Formal Agreement is less than the Deposit, the Proposed Vendor shall, forthwith upon the signing of the Formal Agreement(s), refund such excess of the Deposit to the Proposed Purchaser. If no Formal Agreement is entered into or if

no agreement to extend the Exclusivity Period is reached on or before the expiration of the Exclusivity Period, the MOU shall lapse on the date of expiration of the Exclusivity Period and the Proposed Vendor shall refund the Deposit without any accrued interest to Proposed Purchaser within 3 business days thereafter. If the Proposed Purchaser, at its absolute discretion, is not satisfied with the results of the DD Review or decides not to proceed further in relation to the Proposed Transaction on or before the expiry of the Exclusivity Period, the Proposed Vendor shall return the Deposit without any accrued interest to the Proposed Purchaser within 3 business days upon receipt of written notice of dissatisfaction or not to proceed from the Proposed Purchaser.

Information of Giant Billion

Giant Billion has entered into a framework agreement with Beijing Zhongtiji Cultural Broadcast Co., Ltd. (北京中體健文化傳播有限公司), a company incorporated in the People Republic of China (“PRC”) which has entered into a memorandum of understanding with a PRC cable television operator for the operation of sports related television business.

The Directors wish, through the above equity investment, to further develop media and advertising business in PRC which the Directors regard there is a great potential in this business.

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

By order of the Board of
PME Group Limited
Cheng Kwok Woo
Chairman

Hong Kong, 15 January 2008

* *for identification purpose only*

As at the date of this announcement, the Board comprises (1) Mr. Cheng Kwok Woo, Mr. Cheng Kwong Cheong, Ms. Yeung Sau Han Agnes and Ms. Chan Shui Sheung Ivy as executive Directors; and (2) Messrs Leung Yuen Wing, Soong Kok Meng and Chow Fu Kit Edward as independent non-executive Directors.