



PME GROUP LIMITED
必美宜集團有限公司*
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 379)

**HEADS OF AGREEMENT
AND
ADVANCE TO AN ENTITY**

Reference is made to the announcement of the Company dated 15 January 2008.

On 30 January 2008, the Proposed Purchaser further entered into the Heads of Agreement with the Proposed Vendor for possible acquisition of 51% equity interest in Giant Billion.

Under the Heads of Agreement, the Proposed Vendor has given the Proposed Purchaser an exclusive right to 30 April 2008 to continue the DD Review and during such period the Proposed Vendor shall not engage in discussions or negotiations with other parties with respect to the Proposed Transaction. In consideration for the granting of such exclusive right, a further refundable deposit of HK\$48 million will be payable by the Proposed Purchaser to the Proposed Vendor. In addition to the Deposit at the amount of HK\$32,000,000, a total sum of HK\$80,000,000 (the “Total Deposit”) will be paid to the Proposed Vendor. The amount of the Total Deposit exceeded 8% of the assets ratio of the Company as defined under Rule 14.07(1) of the Listing Rules and the payment constitutes an advance to an entity pursuant to Rule 13.13 of the Listing Rules.

This announcement is made by the Company pursuant to the disclosure requirements under Rules 13.13 and 13.15 of the Listing Rules.

Reference is made to the announcement of the Company dated 15 January 2008 (the “Announcement”) in relation to the MOU. Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless the context herein requires otherwise.

This announcement is made by the Company pursuant to the disclosure requirements under Rules 13.13 and 13.15 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”)

On 30 January 2008, the Proposed Purchaser further entered into a heads of agreement (the “Heads of Agreement”) with the Proposed Vendor for possible acquisition of 51% equity interest in Giant Billion after a preliminary DD Review has been conducted according to the MOU. An appraiser has also been appointed to value the business project (“Project”) of the Proposed Transaction. The indicative value of the Project as set out in the preliminary valuation report is not less HK\$1,000 million.

Under the Heads of Agreement, the Proposed Vendor has given the Proposed Purchaser an exclusive right to 30 April 2008 to continue the DD Review and during such period the Proposed Vendor shall not engage in discussions or negotiations with other parties with respect to the Proposed Transaction. In consideration for the granting of such exclusive right, further refundable deposit of HK\$48 million (“Further Deposit”) will be payable by the Proposed Purchaser to the Proposed Vendor.

The Total Deposit

According to the Heads of Agreement, the Proposed Purchaser shall, within three Business Days upon execution of the Heads of Agreement, pay to the Proposed Vendor a sum of HK\$48,000,000 as a further refundable deposit of the Proposed Transaction. In addition to the Deposit at the amount of HK\$32,000,000, a total sum of HK\$80,000,000 (the “Total Deposit”) will be paid to the Proposed Vendor. The Total Deposit shall be treated as a deposit and partial payment of the consideration for the sale and purchase of the Sale Shares if the Formal Agreement is entered into.

The amount of the Total Deposit exceeded 8% of the assets ratio of the Company as defined under Rule 14.07(1) of the Listing Rules and the payment constitutes an advance to an entity pursuant to Rule 13.13 of the Listing Rules.

The Proposed Purchaser shall be absolutely entitled by written notice to terminate the Heads of Agreement and to demand the Proposed Vendor the refund of the Total Deposit without interest at any time before the signing of the Formal Agreement.

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

Hong Kong, 30 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.