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**DISCLOSEABLE TRANSACTIONS
AND
RESUMPTION OF TRADING**

The Board announces that on 11 February 2008 the Subscriber entered into the Subscription Agreement and the Convertible Bond was issued to the Subscriber on 15 February 2008. On 19 February 2008 and 25 February 2008, the Subscriber exercised the conversion rights under the Convertible Bond and converted the Convertible Bond into 51 and 9,898 shares of Betterment respectively.

The Subscription Agreement and the Conversion constitute discloseable transactions on the part of the Company under Rule 14.06 of the Listing Rules. A circular containing, among other matters, further details of the Subscription Agreement and the Conversion, will be despatched to the shareholders of the Company as soon as practicable and in compliance with the Listing Rules.

The Directors have noted the recent increase in the price and trading volume of the shares of the Company and wish to state that the Directors are not aware of any reasons for such increase. Save as the announcement dated 15 January 2008, the Directors confirm that there are no other negotiations or agreements relating to intended acquisitions or realizations which are discloseable under Rule 13.23 of the Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price sensitive nature.

At the request of the Company, trading in the shares of the Company was suspended with effect from 2:40 p.m. on 28 February 2008 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company with effect from 9:30 a.m. on 13 March 2008.

SUBSCRIPTION AGREEMENT

Date: 11 February 2008

Parties: (1) the Subscriber;
(2) Betterment

Betterment is incorporated in the British Virgin Islands with limited liability

and is principally engaged in investment holdings.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Betterment and its ultimate beneficial owner is an Independent Third Party.

The Subscriber, a wholly owned subsidiary of the Company, is incorporated in the British Virgin Islands and is principally engaged in investment holdings.

Principal Terms of the Convertible Bond

The Convertible Bond was issued to the Subscriber on 15 February 2008

Principal	HK\$64,000,000
Maturity	First anniversary after the issue of the Convertible Bond
Interest	12% interest per annum
Conversion period	On or before 30 June 2008
Redemption	Betterment may at any time and from time to time purchase the Convertible Bond at any price mutually agreed by Betterment and the Subscriber
Conversion	9,949 Betterment Shares to be issued which represents 99.49% of the enlarged share capital of Betterment.
Transferability	The Convertible Bond may not be assigned or transferred in whole or in part except with the prior written consent of Betterment (whose consent shall not be unreasonably withheld).

Consideration:

The total Consideration for the Subscription Agreement is HK\$64,045,337, which has been satisfied by the Subscriber in lieu of a loan ("Loan") advanced to Betterment on 21 January 2008 with the outstanding amount of HK\$64,045,337 as at the date of the Subscription Agreement. The total Consideration of HK\$64,045,337 represents the total amount of outstanding principal and interest due from Betterment to the Subscriber as at the date of the Subscription Agreement on which, Betterment is interested in 198,624,108 Shares with a market value of approximately HK\$139 million based on the market price of HK\$0.70. The Directors considered the total Consideration of the Convertible Bond which may be converted into 99.49% of the share capital of Betterment is a fair value to the Company.

CONVERSIONS

As at the date of the Subscription Agreement, 51 Betterment Shares were issued. On 19 February 2008 and 25 February 2008, the Subscriber exercised the conversion rights under the Convertible Bond and converted the \$328,073 and \$63,671,926 Convertible Bond into 51 and

9,898 Betterment Shares.

As at the date of this announcement, save for the 118,624,108 Shares held by Betterment, representing 29.29% of the entire issued share capital of ZZNode, the Company, the Subscriber and parties acting in concern with any of them are not interested in the shares of ZZNode.

INFORMATION OF BETTERMENT

Betterment is incorporated in the British Virgin Islands and the entire asset of Betterment is 198,624,108 Shares as at 11 February 2008 and 19 February 2008 which represents approximately 50.28% of the issued share capital of ZZNode. On 20 February 2008 Betterment disposed 80,000,000 Shares in open market. As the 80,000,000 shares were disposed in the open market through the Stock Exchange trading terminal, the Directors have no knowledge to whom the Shares were disposed of. To the best knowledge of the Directors, the Shares were not acquired by connected persons of the Company.

After the disposal, Betterment is interested in 118,624,108 Shares which represents approximately 29.29% of the issued share capital of ZZNode. ZZNode, incorporated in the Cayman Islands with limited liability, is an investment holding company and its issued Shares are listed on the main board of the Stock Exchange. ZZNode and its subsidiaries were principally engaged in the development and provision of telecommunications operational support system products and solutions and the sale of third party and self developed software and hardware in the PRC. The Then Shareholder is an executive director of ZZNode.

As at the date of the Subscription Agreement, the issued share capital of Betterment was 51 Shares which are wholly owned by the Then Shareholder who is an Independent Third Party. Betterment is newly incorporated on 5 July 2007 and has no business activities save as holding the Shares. The unaudited net deficit of Betterment as at 19 January 2008 was HK\$8,821,802 and the unaudited net loss of Betterment for the period from incorporation to 19 January 2008 was HK\$8,822,200. Betterment was referred to the Company by the then financial adviser of Betterment, Partners Capital Limited.

To the best knowledge of the Directors and as at the date of this announcement, save for provision of loan to Betterment by the Subscriber, there is neither current nor previous business relationship between the Company, the Subscriber and Betterment.

INFORMATION OF ZZNODE

ZZNode, a company incorporated in the Cayman Islands, the Shares of which are listed on the main board of the Stock Exchange. The audited net asset value of ZZNode as at 31 December 2005 and 2006 are RMB126,845,563 and RMB136,635,553 respectively. The audited net profit of ZZNode for the year ended 31 December 2005 and 2006 are RMB9,255,522 and RMB12,357,589 respectively.

REASONS FOR THE SUBSCRIPTION AND CONVERSION

The Group is principally engaged in manufacturing and trading of polishing materials and equipments.

The Subscriber advanced the Loan to Betterment on 21 January 2008 as provision of financial

assistance to Betterment. The Subscriber entered into the Subscription Agreement in view for protection of its interest in the Loan advanced to Betterment. Upon the Subscriber was aware of the uncertainty in Betterment repaying the Loan, the Subscriber exercised the Convertible Bond in order to protect its interest in the Loan. The Directors are of the view that Betterment does not treat its investment in ZZNode as a long term investment. This has been demonstrated by Betterment's subsequent disposal of 80,000,000 shares of ZZNode within a short time span after the completion of the acquisition of 198,624,108 shares of ZZNode.

The Conversion is a consequential event arising from the Loan and the existing 118,624,108 shares of ZZNode held through Betterment will not be treated as a long term investment by the Company. The Company will not account for ZZNode as an associate.

The shareholding structure of Betterment before and after full conversion of the Convertible Bond is set out as follows:

	Shareholding structure before full conversion of the Convertible Bond		Shareholding structure after full conversion of the Convertible Bond	
	<i>Number of shares held</i>	<i>% of total issued shares</i>	<i>Number of shares held</i>	<i>% of total issued shares</i>
Then Shareholder	51	100%	51	0.51%
Subscriber	0	0%	9,949	99.49%
Total	51	100%	10,000	100%

The shareholding structure of ZZNode before and after full conversion of the Convertible Bond is set out as follows:

	Shareholding structure before full conversion of the Convertible Bond		Shareholding structure after full conversion of the Convertible Bond	
	<i>Number of shares held</i>	<i>% of total issued shares</i>	<i>Number of shares held</i>	<i>% of total issued shares</i>
Betterment	118,624,108	29.29%	118,624,108	29.29%
New Wingo Investments Limited (Note)	22,187,000	5.48%	22,187,000	5.48%
Public	264,188,892	65.23%	264,188,892	65.23%
Total	405,000,000	100%	405,000,000	100%

Note: New Wingo Investments Limited is wholly owned by Ms. Hu Rong, a former executive director of ZZNode and her resignation of executive director of ZZNode was with effect from 20 February 2008.

LISTING RULES IMPLICATION

Based on the unaudited management accounts of Betterment as at 19 January 2008, which is the latest available financial information of Betterment available to the Directors, the Directors are of the view that the Subscription Agreement and the Conversion constitute discloseable transactions on the part of the Company under Rule 14.06 of the Listing Rules. In view of the limited access to the update financial information of Betterment and disputes set out below, the disclosure of the Subscription Agreement was made after the execution of the Subscription Agreement.

Notwithstanding the Directors are of the view that the Subscription Agreement and the Conversion constitute discloseable transactions under the Listing Rules, the Stock Exchange indicates that it has concern on the classification of the transaction in relation to the Conversion.

The Directors understand that the Subscription Agreement should have been disclosed on a timely basis. The delay in the announcement of the Subscription Agreement was due to the dispute by the Then Shareholder to the Subscription Agreement prior to the issue of the Convertible Bond. Upon receipt of notice from the Subscriber to subscribe the Convertible Bond, certain directors of Betterment decided to call a board meeting ("Board Meeting") to be held on 14 February 2008 to consider the same. However, before the Board Meeting, the Then Shareholder claimed, among others, that these directors had been removed from their office at a shareholder's meeting ("Shareholder's Meeting") conducted before the Board Meeting and that the Board Meeting was cancelled. On the contrary the legal adviser of the Subscriber was of the view that the conduct of the Shareholder's Meeting would be in breach of the articles of Betterment and would be considered as void. Hence, the Board Meeting was conducted as scheduled. After the Subscriber's legal adviser informed the Then Shareholder's legal adviser that the Board Meeting had been carried out. The Then Shareholder, through its solicitors declared the Board Meeting as null and void and had no binding effect upon Betterment. On 19 February 2008 the Subscriber exercised the conversion rights under the Convertible Bond and converted the Convertible Bond into 51 Betterment Shares which was also disputed by the Then Shareholder. As such, the Subscriber decided to pend for further legal advice to the validity of the Subscription Agreement before disclosing the Subscription Agreement pursuant to the Listing Rules.

On 22 February 2008, a board meeting and a members' meeting of Betterment was held and it was resolved by the Then Shareholder and the Subscriber, among others, to issue 9,898 Betterment Shares to the Subscriber. On 25 February 2008, the Subscriber came to the knowledge that 40,000 Betterment Shares may have been issued to a company ("Related Company") related to the Then Shareholder on 14 February 2008 without proper authority from the board of Betterment. On 26 February 2008, the Subscriber was advised by the BVI processing agent of Betterment that the 40,000 Betterment Shares have been allotted. The Subscriber immediately requested for cancellation of such Betterment Shares on 27 February 2008. On 28 February 2008, the Subscriber received a confirmation from the Related Company that the allotment of the 40,000 Betterment Shares was cancelled. Upon the full conversion of the Convertible Bond and after clarification to the latest shareholding structure of Betterment as at 28 February 2008, the Subscriber is interested in 99.49% of the issued share capital of Betterment.

Notwithstanding there has been dispute to the subscription and conversion of the Convertible Bond, there has been never dispute to the repayment of the Loan. The Directors do not consider the dispute to be price sensitive so far the Loan repayment was not disputed. The Directors believed it would be more appropriate to inform the Division or the shareholders till there is concrete outcome or judgement to the dispute. Shortly after the issue of the 40,000 Betterment Shares was clarified, the Company has duly issued the announcement.

GENERAL

A circular containing, among other matters, further details of the Subscription Agreement will be despatched to the Shareholders as soon as reasonable practicable and in compliance with the Listing Rules.

INFORMATION OF THE COMPANY

The Company, incorporated in the Cayman Islands with limited liability, is an investment holding company and its issued Shares are listed on the main board of the Stock Exchange. The Company and its subsidiaries are principally engaged in the manufacturing of polishing compounds and polishing wheels in Mainland China under its own brand name **Pme** and the trading of various branded industrial abrasive products. Over 90% of the Group's turnover and profits was contributed from the markets in Hong Kong and the Pearl River Delta in Mainland China.

SUSPENSION AND RESUMPTION OF TRADING

This statement is made at the request of the Stock Exchange.

The Directors have noted the recent increase in the price and trading volume of the shares of the Company and wish to state that the Directors are not aware of any reasons for such increase. Save as the announcement dated 15 January 2008, the Directors confirm that there are no other negotiations or agreements relating to intended acquisitions or realizations which are discloseable under Rule 13.23 of the Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price sensitive nature.

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DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“Betterment”

Betterment Enterprises Limited, a company incorporated in the British Virgins Islands.

“Betterment Shares”	issued shares of US \$1.0 each in the share capital of Betterment
“Board”	the board of Directors from time to time
“Business Day”	a day (other than a Saturday, a Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“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
“Consideration”	the aggregate consideration of HK\$64,045,337 for the Subscription
“Conversion”	exercise of the conversion right under the Convertible Bond
“Convertible Bond”	the HK\$64 million convertible bond issued by Betterment to the Subscriber
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	third party independent of the Company and connected persons (as defined under the Listing Rules) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Subscriber”	Richcom Group Limited, being the Subscriber named in the Subscription Agreement, a company incorporated in the British Virgin Islands and a wholly owned subsidiary of the Company
“Subscription Agreement”	the Subscription agreement dated 11 February 2008 and entered into between the Subscriber and Betterment
“Shares”	issued shares of ZZNode
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Then Shareholder”	Mr. Christian Emil Toggenburger, the sole shareholder of Betterment as at the date of the Subscription Agreement

“ZZNode”	ZZNode Technologies Company Limited, a company incorporated in the Cayman Islands, the Shares of which are listed on the main board of the Stock Exchange
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

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

Hong Kong, 12 March 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.