

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in PME Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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



PME GROUP LIMITED

必美宜集團有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 379)

- (1) PROPOSED GRANT OF GENERAL MANDATES
TO ISSUE AND REPURCHASE SHARES;
(2) PROPOSED RE-ELECTION OF DIRECTORS; AND
(3) NOTICE OF ANNUAL GENERAL MEETING**

A notice convening an annual general meeting of the Company to be held at 5th Floor, Unison Industrial Centre, Nos. 27-31 Au Pui Wan Street, Fo Tan, Shatin, Hong Kong on Tuesday, 17 June 2008 at 10:00 am is set out on pages 15 to 19 of this circular. A form of proxy for use at the annual general meeting is enclosed with this circular. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk.

Whether or not you are able to attend the annual general meeting, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed thereon and deposit the same at the head office and principal place of business of the Company at 5th Floor, Unison Industrial Centre, Nos. 27-31 Au Pui Wan Street, Fo Tan, Shatin, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the annual general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the annual general meeting or any adjournment thereof should you so wish.

* For identification purpose only

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	
Introduction	3
General Mandate and Repurchase Mandate	4
Re-election of Directors	5
AGM	5
Responsibility Statement	6
Recommendation	6
Further Information	6
Appendix I – Explanatory Statement	7
Appendix II – Procedures by which Shareholders may Demand a Poll at General Meeting pursuant to the Articles of Association	11
Appendix III – Details for Directors Proposed to be Re-elected at the AGM	12
Notice of AGM	15

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“AGM”	the annual general meeting of the Company to be convened on 17 June 2008 and held to consider and, if thought fit, to approve, among other things, the proposed grant of the General Mandate and the Repurchase Mandate and the re-election of Directors
“Articles of Association”	the articles of association of the Company
“associate”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“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
“Directors”	the directors of the Company
“General Mandate”	the general mandate proposed to be granted to the Directors at the AGM to issue further new Shares not exceeding 20% of the issued share capital of the Company as at the date of granting the general mandate
“Group”	the Company and all of its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	22 May 2008, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Repurchase Mandate”	the repurchase mandate proposed to be granted to the Directors at the AGM to repurchase up to 10% of the issued share capital of the Company as at the date of granting the repurchase mandate

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	per cent.



PME GROUP LIMITED

必美宜集團有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 379)

Executive Directors:

Mr. Cheng Kwok Woo (*Chairman*)

Mr. Cheng Kwong Cheong
(*Vice-Chairman and CEO*)

Ms. Yeung Sau Han Agnes

Ms. Chan Shui Sheung Ivy

Mr. Tin Ka Pak

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Independent Non-executive Directors:

Mr. Chow Fu Kit Edward

Mr. Leung Yuen Wing

Mr. Soong Kok Meng

*Head office and principal place
of business:*

5th Floor

Unison Industrial Centre

Nos. 27-31 Au Pui Wan Street

Fo Tan, Shatin

Hong Kong

26 May 2008

To the Shareholders

Dear Sir or Madam,

- (1) PROPOSED GRANT OF GENERAL MANDATES
TO ISSUE AND REPURCHASE SHARES;
(2) PROPOSED RE-ELECTION OF DIRECTORS; AND
(3) NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

At the forthcoming AGM, resolutions will be proposed to seek the Shareholders' approval for, among other things, (i) the granting of the General Mandate and the Repurchase Mandate to the Directors; and (ii) the re-election of Directors.

The purpose of this circular is to provide you with information relating to the resolutions to be proposed at the AGM for the grant of the General Mandate and the Repurchase Mandate, the proposed re-election of Directors, and the notice of the AGM.

* For identification purpose only

LETTER FROM THE BOARD

GENERAL MANDATE AND REPURCHASE MANDATE

At the AGM, the Directors propose to seek the approval of the Shareholders to grant to the Directors the General Mandate and the Repurchase Mandate.

General Mandate

At the AGM, an ordinary resolution will be proposed that the Directors be given an unconditional general mandate to allot, issue and deal with unissued Shares or securities convertible into Shares, options, warrants or similar rights to subscribe for any Shares (other than by way of rights or pursuant to a share option scheme for employees of the Company or Directors and/or any of its subsidiaries or pursuant to any scrip dividend scheme or similar arrangements providing for the allotment and issue of Shares in lieu of whole or part of the dividend on Shares in accordance with the Articles of Association or upon the exercise of rights of subscription or conversion under the terms of any securities or bonds convertible into Shares) or make or grant offers, agreements, options and warrants which might require the exercise of such power, of an aggregate nominal amount of up to 20% of the aggregate nominal amount of the issued Shares as at the date of granting the general mandate.

As at the Latest Practicable Date, the Company had an aggregate of 1,598,600,000 Shares in issue. Subject to the passing of the resolution for the approval of the General Mandate and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the AGM, the Company would be allowed under the General Mandate to allot, issue and deal with a maximum of 319,720,000 Shares.

Repurchase Mandate

At the AGM, an ordinary resolution will also be proposed that the Directors be given an unconditional general mandate to repurchase Shares on the Stock Exchange or any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for such purpose, of an aggregate nominal amount of up to 10% of the aggregate nominal amount of the issued Shares as at the date of granting the repurchase mandate.

Subject to the passing of the resolution for the approval of the Repurchase Mandate and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 159,860,000 Shares.

The General Mandate and the Repurchase Mandate shall continue to be in force during the period from the date of passing of the resolutions for the approval of the General Mandate and the Repurchase Mandate up to (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association, the Companies Law (Law 3 of 1961, as consolidated and revised) or any applicable laws of the Cayman Islands to be held; or (iii) the revocation or variation of the General Mandate or the Repurchase Mandate (as the case may be) by ordinary resolution of the Shareholders in general meeting, whichever occurs first.

LETTER FROM THE BOARD

An explanatory statement in connection with the Repurchase Mandate is set out in Appendix I to this circular. The explanatory statement contains all the requisite information required under the Listing Rules to be given to the Shareholders to enable them to make an informed decision on whether to vote for or against the resolution approving the Repurchase Mandate.

RE-ELECTION OF DIRECTORS

According to article 87(1) of the Articles of Association and the Code on Corporate Governance Practices (the “CG Code”) contained in Appendix 14 of the Listing Rules, every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

In accordance with article 87(1) of the Articles of Association and the CG Code, Mr. Cheng Kwok Woo, Mr. Cheng Kwong Cheong and Mr. Leung Yuen Wing shall retire from office by rotation at the AGM. Being eligible, each of Mr. Cheng Kwok Woo and Mr. Cheng Kwong Cheong will offer himself for re-election as executive Director, and Mr. Leung Yuen Wing will offer himself for re-election as independent non-executive Director.

According to article 86(3) of the Articles of Association, all Directors appointed either to fill a casual vacancy or as an addition to the Board shall be subject to re-election by the Shareholders at the first general meeting after their appointment.

Mr. Tin Ka Pak who was appointed as an executive Director on 8 May 2008 shall hold office only until the AGM in accordance with article 86(3) of the Articles of Association. Being eligible, Mr. Tin Ka Pak will offer himself for re-election as executive Director.

At the AGM, ordinary resolutions will be proposed to re-elect each of Mr. Cheng Kwok Woo, Mr. Cheng Kwong Cheong and Mr. Tin Ka Pak as executive Director, and Mr. Leung Yuen Wing as independent non-executive Director.

Particulars relating to each of Mr. Cheng Kwok Woo, Mr. Cheng Kwong Cheong, Mr. Tin Ka Pak and Mr. Leung Yuen Wing are set out in Appendix III to this circular.

AGM

A notice convening the AGM to be held at 5th Floor, Unison Industrial Centre, Nos. 27-31 Au Pui Wan Street, Fo Tan, Shatin, Hong Kong on Tuesday, 17 June 2008 at 10:00 am is set out on pages 15 to 19 of this circular. Ordinary resolutions will be proposed at the AGM to approve, among other things, the proposed grant of the General Mandate and the Repurchase Mandate and the proposed re-election of Directors.

A form of proxy for use at the AGM is enclosed with this circular and such form of proxy is also published at the website of the Stock Exchange at www.hkexnews.hk. Whether or not you are able to attend the AGM, you are requested to complete the accompanying form of

LETTER FROM THE BOARD

proxy in accordance with the instructions printed thereon and deposit the same at the head office and principal place of business in Hong Kong of the Company at 5th Floor, Unison Industrial Centre, Nos. 27-31 Au Pui Wan Street, Fo Tan, Shatin, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

RECOMMENDATION

The Directors consider the proposed grant of the General Mandate and the Repurchase Mandate and the proposed re-election of Directors are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM.

FURTHER INFORMATION

Your attention is also drawn to the additional information set out in the Appendices to this circular.

Yours faithfully
For and on behalf of the Board of
PME Group Limited
Cheng Kwok Woo
Chairman

This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to you for your consideration of the Repurchase Mandate.

1. Repurchase of securities from connected parties

The Listing Rules prohibit a company from knowingly purchasing securities on the Stock Exchange from a “connected person”, that is, a director, chief executive or substantial shareholder of the Company or any of its subsidiaries or their respective associates (as defined in the Listing Rules) and a connected person is prohibited from knowingly selling his/her/its securities to the Company.

No connected person of the Company has notified the Company that he/she/it has a present intention to sell any Shares to the Company nor has any such connected person undertaken not to sell any of the Shares held by him/her/it to the Company in the event that the Repurchase Mandate is passed.

2. Share capital

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,598,600,000 fully paid Shares.

Subject to the passing of the proposed resolution for the approval of the Repurchase Mandate and on the basis that no further Shares are issued or repurchased by the Company prior to the AGM, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 159,860,000 fully paid Shares, representing 10% of the issued share capital of the Company.

3. Reasons for the repurchase

The Directors believe that the Repurchase Mandate is in the best interests of the Company and its shareholders as a whole. An exercise of the Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets per Share and/or earnings per Share and will only be made when the Directors believe that a repurchase will benefit the Company and its shareholders as a whole.

4. Funding of repurchases

Pursuant to the Repurchase Mandate, repurchases would be funded entirely from the Company’s available cash flow or working capital facilities which will be funds legally available under the Cayman Islands law and the memorandum and Articles of Association of the Company for such purpose.

An exercise of the Repurchase Mandate in full could have a material adverse impact on the working capital and gearing position of the Company compared with that as at 31 December 2007, being the date of its latest published audited consolidated accounts. The Directors do not, however, intend to make any repurchase in circumstances that would have a material adverse impact on the working capital or gearing position of the Company.

5. Share prices

The highest and lowest prices at which the Shares have traded on the Stock Exchange in each of the previous twelve calendar months immediately prior to the Latest Practicable Date were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2007		
May	0.770	0.450
June	1.710	0.660
July	4.170	2.500
August	3.280	1.110
September	1.940	1.260
October	1.690	1.050
November	1.890	1.180
December	1.380	1.100
2008		
January	1.150	0.320
February	0.980	0.370
March	0.880	0.380
April	0.670	0.490
May (up to the Latest Practicable Date)	0.690	0.550

6. Disclosure of interests and minimum public holding

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, their associates, have any present intention to sell to the Company or its subsidiaries any of the Shares in the Company if the Repurchase Mandate is approved at the AGM and exercised.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the Listing Rules and applicable laws of the Cayman Islands.

If a shareholder's proportionate interest in the voting rights of the Company increases on the Company exercising its powers to repurchase Shares pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a shareholder or group of shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, the following Shareholders are interested in more than 10% of the Shares then in issue:

Name	Notes	Number of Shares	Percentage holding	Percentage holding should Repurchase Mandate exercised in full
PME Investments (BVI) Co., Ltd. (“PMEI”)	1	318,438,000	19.92%	22.13%
Cheng Kwok Woo	1	372,838,000	23.32%	25.91%
Cheng Kwong Cheong	1	372,838,000	23.32%	25.91%
Cheng Wai Ying	1	352,838,000	22.07%	24.52%
Tsang Sui Tuen	2	372,838,000	23.32%	25.91%
Wan Kam Ping	3	372,838,000	23.32%	25.91%
Cheng Yau Kuen	4	352,838,000	22.07%	24.52%

Notes:

1. PMEI is the beneficial owner of 318,438,000 Shares of the Company. The entire issued share capital of PMEI is beneficially owned as to one-third by each of Mr. Cheng Kwok Woo, Mr. Cheng Kwong Cheong and Ms. Cheng Wai Ying. Each of them is accordingly deemed to be interested in the entire interests of PMEI in the Company. In addition, each of Mr. Cheng Kwok Woo and Mr. Cheng Kwong Cheong personally holds 54,400,000 Shares and Ms. Cheng Wai Ying personally holds 34,400,000 Shares.
2. Ms. Tsang Sui Tuen is the spouse of Mr. Cheng Kwok Woo and is accordingly deemed to have interest in 372,838,000 Shares that Mr. Cheng Kwok Woo has interest in.
3. Ms. Wan Kam Ping is the spouse of Mr. Cheng Kwong Cheong and is accordingly deemed to have interest in 372,838,000 Shares that Mr. Cheng Kwong Cheong has interest in.
4. Mr. Cheng Yau Kuen is the spouse of Ms. Cheng Wai Ying and is accordingly deemed to have interest in 352,838,000 Shares that Ms. Cheng Wai Ying has interest in.

As at the Latest Practicable Date, PMEI and its associates held 461,638,000 Shares, representing approximately 28.88% of the issued share capital of the Company. On the basis of the current shareholding of PMEI and its associates and assuming that no further Shares are issued or repurchased prior to the AGM, an exercise of the Repurchase Mandate in full will result in the shareholdings of PMEI and its associates increasing to approximately 32.09%, and becoming obliged to make a mandatory offer under Rule 26 of the Takeovers Code.

The Directors have no intention to exercise any of the Repurchase Mandate to such an extent that will result in a requirement of PMEI and its associates to make a mandatory offer under the Takeovers Code. Moreover, the Company would not repurchase Shares which would result in the amount of Shares held by the public being reduced to less than 25%.

7. Shares repurchase made by the Company

No repurchases of Shares have been made by the Company (whether on the Stock Exchange or otherwise) during the six months immediately prior to the Latest Practicable Date.

The procedures by which the Shareholders may demand a poll at the AGM are set out in this Appendix.

According to article 66 of the Articles of Association, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded. A poll may be demanded by:

- (a) the chairman of the meeting; or
- (b) at least three Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) any Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (d) any Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right; or
- (e) if required by the Listing Rules, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing 5% or more of the total voting rights at the meeting.

The details of the Directors who will retire from office at the AGM and being eligible, will offer themselves for re-election at the AGM, are set out below:

(1) Mr. Cheng Kwok Woo

Mr. Cheng Kwok Woo, aged 51, is the Chairman of the Group. He joined the Group in 1990 and is responsible for strategic planning, business development and Board issues of the Group. He has over 20 years experience in the trading and manufacturing of abrasive products. He is the brother of Mr. Cheng Kwong Cheong. Other than acting as an executive Director of the Company, Mr. K. W. Cheng did not hold any directorship in any listed companies in the past three years. He has entered into a service agreement with the Company for a term of 3 years commenced from 1 October 2002 and will continue thereafter until terminated by three months' notice in writing served by either party on the other. Based on his position, his level of responsibilities, remuneration policy of the Company and the prevailing market conditions, Mr. K. W. Cheng is currently entitled to an annual emolument of HK\$1,001,130 and a management bonus to be determined by the Board at their absolute discretion. As at the Latest Practicable Date, Mr. K. W. Cheng has personal interests of 54,400,000 Shares and corporate interests of 318,438,000 Shares through the holding of PMEI, representing approximately 23.32% in aggregate of the entire issued share capital of the Company. Save as disclosed above, Mr. K. W. Cheng does not have, and is not deemed to have, any other interests or short positions in any shares, underlying shares or debentures of the Company within the meaning of Part XV of the SFO.

There is no information relating to Mr. K. W. Cheng that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

Save as disclosed herein, there is no other matter that needs to be brought to the attention of the Shareholders and the Stock Exchange.

(2) Mr. Cheng Kwong Cheong

Mr. Cheng Kwong Cheong, aged 47, is the Vice-Chairman and Chief Executive Officer of the Group. He joined the Group in 1990 and is responsible for overall operations and development of the Group. He has over 20 years experience in the trading and manufacturing of abrasive products. He is the brother of Mr. Cheng Kwok Woo. Other than acting as an executive Director of the Company, Mr. K.C. Cheng did not hold any directorship in any listed companies in the past three years. He has entered into a service agreement with the Company for a term of 3 years commenced from 1 October 2002 and will continue thereafter until terminated by three months' notice in writing served by either party on the other. Based on his position, his level of responsibilities, remuneration policy of the Company and the prevailing market conditions, Mr. K.C. Cheng is currently entitled to an annual emolument of HK\$1,001,130 and a management bonus to be determined by the Board at their absolute discretion. As at the Latest Practicable Date, Mr. K.C. Cheng has personal interests of 54,400,000 Shares and corporate interests of 318,438,000 Shares through the holding of PMEI,

representing approximately 23.32% in aggregate of the entire issued share capital of the Company. Save as disclosed above, Mr. K.C. Cheng does not have, and is not deemed to have, any other interests or short positions in any shares, underlying shares or debentures of the Company within the meaning of Part XV of the SFO.

There is no information relating to Mr. K.C. Cheng that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

Save as disclosed herein, there is no other matter that needs to be brought to the attention of the Shareholders and the Stock Exchange.

(3) Mr. Tin Ka Pak

Mr. Tin Ka Pak, aged 32, is an executive Director of the Company. He joined the Group on 8 May 2008 and is responsible for investment projects and investor relationship. He holds a Bachelor degree of Business Administration from Oxford Brookes University in the United Kingdom. He has been working in companies listed on the Stock Exchange to assist the chairman and CEO in group management, strategic planning, sales and marketing development, investment evaluation and investor relationship. Mr. Tin did not hold any directorship in any listed companies in the past three years. Mr. Tin does not have any relationship with any other Directors, senior management of the Company, substantial Shareholders or controlling Shareholders. Mr. Tin is entitled to a remuneration of HK\$30,000 per month as determined by the Board with reference to his position, his level of responsibilities, remuneration policy of the Company and the prevailing market conditions. He has no fixed term of service with the Company. He does not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

There is no information relating to Mr. Tin that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

Save as disclosed herein, there is no other matter that needs to be brought to the attention of the Shareholders and the Stock Exchange.

(4) Mr. Leung Yuen Wing

Mr. Leung Yuen Wing, aged 41, was appointed as an independent non-executive Director in September 2004. He had held managerial positions in various renowned accounting firms, an investment bank and a listed company. Currently he holds a senior managerial position in a multinational group engaged in the mining, production and trading of mineral resources including coal, coke and iron ore. He is a certified public accountant of the Hong Kong Institute of Certified Public Accountants, an associate member of the Institute of Chartered Accountants in England and Wales and a fellow member of the Association of Chartered Certified Accountants. Other than disclosed above, Mr. Leung did not hold any directorship in any other listed companies in the past three years. Mr. Leung does not have any relationship

with any other Directors, senior management of the Company, substantial Shareholders or controlling Shareholders. He has entered into a service contract with the Company pursuant to which his term of appointment shall continue until 30 September 2009 subject to retirement by rotation and re-election in accordance with the Articles of Association. Mr. Leung is currently entitled to an annual director's fee of HK\$120,000 which was determined by reference to his qualification, remuneration benchmark in the industry and the prevailing market conditions. He does not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

There is no information relating to Mr. Leung that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

Save as disclosed herein, there is no other matter that needs to be brought to the attention of the Shareholders and the Stock Exchange.



PME GROUP LIMITED

必美宜集團有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 379)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an annual general meeting (“AGM”) of PME Group Limited (the “Company”) will be held at 5th Floor, Unison Industrial Centre, Nos. 27-31 Au Pui Wan Street, Fo Tan, Shatin, Hong Kong on Tuesday, 17 June 2008 at 10:00 am for the following purposes:

1. To receive and consider the audited consolidated financial statements and the reports of the Directors and Auditors for the year ended 31 December 2007;
2.
 - (a) To re-elect Mr. Cheng Kwok Woo as executive director;
 - (b) To re-elect Mr. Cheng Kwong Cheong as executive director;
 - (c) To re-elect Mr. Tin Ka Pak as executive director;
 - (d) To re-elect Mr. Leung Yuen Wing as independent non-executive director;
 - (e) To authorise the board of directors to fix the directors’ remuneration;
3. To re-appoint Deloitte Touche Tohmatsu as the auditors of the Company and to authorise the board of directors to fix their remuneration;
4. To, as special business, consider and, if thought fit, passing the following resolution as an ordinary resolution:

“THAT:

- (a) subject to paragraph (c) below, pursuant to the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to allot, issue and

* For identification purpose only

NOTICE OF AGM

deal with unissued Shares and to make or grant offers, agreements and options, including warrants to subscribe for Shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;

- (b) the approval in paragraph (a) above shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue; or (ii) the exercise of any options granted under the share option scheme of the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association of the Company in force from time to time; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares, shall not exceed the aggregate of:

- (aa) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution; and

- (bb) (if the directors of the Company are so authorised by a separate ordinary resolution of the shareholders of the Company) the nominal amount of any share capital of the Company repurchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of the resolution no. 5),

and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

- (d) for the purposes of this resolution, “**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company, the Companies Law (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the “**Companies Law**”) or any other applicable law of Cayman Islands to be held; and

NOTICE OF AGM

- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution;

“**Rights Issue**” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the directors of the Company to holders of Shares on the register on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

- 5. To, as special business, consider and, if thought fit, passing the following resolution as an ordinary resolution:

“**THAT:**

- (a) the exercise by the directors of the Company during the Relevant Period of all powers of the Company to purchase the Shares on the Stock Exchange or any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission, the Stock Exchange, the Companies Law and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares which may be purchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (c) for the purposes of this resolution, “**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company, the Companies Law or any other applicable law of Cayman Islands to be held; and

NOTICE OF AGM

(iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution.”

6. “**THAT** the directors of the Company be and they are hereby authorised to exercise the authority referred to in paragraph (a) of resolution no. 4 above in respect of the share capital of the Company referred to in sub-paragraph (bb) of paragraph (c) of such resolution.”

Yours faithfully

For and on behalf of the board of directors of
PME Group Limited
Cheng Kwok Woo
Chairman

Hong Kong, 26 May 2008

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Head office and principal place of
business:*

5th Floor
Unison Industrial Centre
Nos. 27-31 Au Pui Wan Street
Fo Tan, Shatin
Hong Kong

Notes:

1. A member entitled to attend and vote at the AGM convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the Articles of Association of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the AGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.
2. A form of proxy for use at the AGM is enclosed. Such form of proxy is also published on the website of the Stock Exchange at www.hkexnews.hk. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed, or a notorially certified copy of such power or authority, at the head office and principal place of business of the Company at 5th Floor, Unison Industrial Centre, Nos. 27-31 Au Pui Wan Street, Fo Tan, Shatin, Hong Kong not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the AGM or any adjournment thereof, should he so wish.
3. In the case of joint holders of Shares, any one of such holders may vote at the AGM, either personally or by proxy, in respect of such Share as if he was solely entitled thereto, but if more than one of such joint holders are present at the AGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Shares shall alone be entitled to vote in respect thereof.
4. In relation to proposed resolution no. 2 above, Mr. Cheng Kwok Woo, Mr. Cheng Kwong Cheong and Mr. Leung Yuen Wing and Mr. Tin Ka Pak will retire from their offices at the AGM pursuant to article 87(1) and article 86(3) of the Articles of Association of the Company respectively and the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules, and being eligible, will offer themselves for re-election at the AGM.

NOTICE OF AGM

5. In relation to proposed resolutions nos. 4 and 6 above, approval is being sought from the shareholders of the Company for the grant to the Directors of a general mandate to authorise the allotment and issue of Shares under the Listing Rules. The Directors have no immediate plans to issue new Shares other than the Shares which may fall to be issued under the share option schemes of the Company or any scrip dividend scheme or similar arrangement providing for the allotment and issue of Shares in lieu of whole or part of a dividend which may be approved by shareholders of the Company.

6. In relation to proposed resolution no. 5 above, the Directors wish to state that they will exercise the powers conferred thereby to repurchase Shares in circumstances which they deem appropriate for the benefit of the shareholders of the Company. An explanatory statement containing the information necessary to enable the shareholders of the Company to make an informed decision to vote on the proposed resolution as required by the Listing Rules is set out in Appendix I to this circular.