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**DISCLOSEABLE TRANSACTION:
SUBSCRIPTION OF CONVERTIBLE BONDS IN CHINA FORTUNE**

The Board announces that on 6 May 2009, Top Good, a wholly-owned subsidiary of the Company, entered into the Subscription Agreement with China Fortune to subscribe the China Fortune CB at a principal amount of HK\$32,000,000 with an initial conversion price of HK\$0.16 per China Fortune Share.

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SUBSCRIPTION AGREEMENT

Date: 6 May 2009

Parties: (1) China Fortune, as the issuer of the China Fortune CB

(2) Top Good, a wholly-owned subsidiary of the Company, as the subscriber

China Fortune is incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange (Stock Code: 290).

Subscription Price

The Subscription Price of HK\$32,000,000 for the China Fortune CB shall be satisfied by Top Good in the following manner:

- (1) an initial refundable payment in the sum of HK\$16,000,000 in cash which was paid by Top Good to China Fortune upon the execution of the Subscription Agreement; and
- (2) the remaining balance of the Subscription Price shall be satisfied forthwith in cash by Top Good upon completion.

The Subscription Price will be fully satisfied by the Group's internal resources.

The Subscription Price was determined after arm's length negotiation between China Fortune and Top Good and the basis of determining and arriving at the Subscription Price was by reference to (i) the substantial discount of more than 40% of the conversion price of HK\$0.16 to the closing price of the China Fortune Share as quoted on the Stock Exchange on the Last Trading Day and for the last five consecutive trading days immediately prior to the Last Trading Day and (ii) the pro-forma net asset value per China Fortune Shares of approximately HK\$0.122 as stated in the circular of China Fortune dated 8 October 2008.

Conditions and Completion

Completion shall be conditional upon fulfillment of the following conditions:

- (a) China Fortune, Top Good and the Company (if required) approving, by their respective shareholders in a special general meeting held for the purpose, to enter into the Subscription Agreement;
- (b) Top Good completes and is satisfied in its absolute discretion with the result of the due diligence to be conducted on China Fortune;
- (c) Each of the warranties contained in the Subscription Agreement remaining true and accurate in all material respects up to Completion;
- (d) The performance and observance by China Fortune of all the undertakings and covenants on the part of China Fortune contained in the Subscription Agreement; and
- (e) The Listing Committee of the Stock Exchange shall have granted the listing of and permission to deal in the conversion shares.

Top Good shall have the discretion to waive all or any part of the conditions set out above except conditions (a) and (e) and any waiver so granted may be subject to such conditions as Top Good may deem fit.

If the conditions set out above shall not have been fulfilled or waived by 5:00 p.m. (Hong Kong time) on the day falling 90 days of the date of execution of the Subscription Agreement (or such later date as the parties may agree in writing), the Subscription Agreement shall automatically terminate and none of the parties to the Subscription Agreement shall have any claim of any nature or liabilities hereunder whatsoever against any of the other parties under the Subscription Agreement (save for any antecedent breaches of the terms hereof).

Completion shall take place in Hong Kong on the day immediately after which the conditions precedent set out in the Subscription Agreement are fulfilled and/or waived.

Principal terms of the China Fortune CB

Issuer: China Fortune Group Limited

Principal amount: HK\$32,000,000

Maturity date: The date falling on the third anniversary of the date of issue of the China Fortune CB

- Ranking: The China Fortune CB shall rank *pari passu* with all other present and future unsecured and unsubordinated obligations of China Fortune except for obligations accorded preference by mandatory provisions of applicable laws
- Transferability: The China Fortune CB or any part(s) thereof may be assigned or transferred only with the prior written consent of China Fortune
- Interest rate: 0 %
- Redemption: Unless previously converted, the China Fortune CB shall be redeemed by China Fortune at its principal amount outstanding on the maturity date of the China Fortune CB
- Conversion: the Bondholder has the right to convert on any business day from the date of issue of the China Fortune CB but prior to 5 business days prior to the maturity date, the whole or any part(s) of the principal amount of the China Fortune CB
- Conversion Price: HK\$0.16 per China Fortune Share
- Voting: the Bondholder shall not be entitled to receive notices of, attend or vote at any meetings of China Fortune by reason only of it being the bondholders
- Limitation on conversion:
- i) the Bondholder shall exercise the right of conversion to the extent that the public float of China Fortune will not be less than 25% of the issued share capital of China Fortune immediately after such conversion; and
 - ii) the Bondholder shall not convert the China Fortune CB and China Fortune shall not issue any China Fortune Shares if, upon such issue, the Bondholder and the parties acting in concert with it, shall be interested in 30% (or such amount as may from time to time that may trigger a mandatory general offer or considered by the Securities and Futures Commission as a change in control of China Fortune) or more of the then enlarged issued share capital of China Fortune at the date of the relevant conversion.
- Events of default: The China Fortune CB contains customary events of default provisions. Upon the happening of an event of default, the Bondholder may give notice to China Fortune declaring the outstanding China Fortune CB to be immediately due and payable

The China Fortune Shares to be issued as a result of the exercise of the conversion rights attached to the China Fortune CB will rank *pari passu* in all respects with all other China Fortune Shares in issue.

INFORMATION OF CHINA FORTUNE

China Fortune is incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange (Stock Code: 290).

China Fortune, together with its subsidiaries, is principally engaged in electrical engineering contracting, sale of electrical goods, and securities brokerage and financing. As stated in the interim report of China Fortune as at 30 September 2008, China Fortune had unaudited consolidated net asset value of approximately HK\$45 million.

REASONS FOR THE SUBSCRIPTION

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

The conversion price of HK\$0.16 represents a discount of approximately 44.83% to the closing price of HK\$0.29 per China Fortune Share as quoted on the Stock Exchange on the Last Trading Day and a discount of approximately 43.86% to the average of the closing prices of approximately HK\$0.285 per China Fortune Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Day. As such, the Directors consider that the terms of the China Fortune CB are fair and reasonable and in the interests of the Company and its shareholders as a whole.

GENERAL

Reference is made to the announcement of the Company dated 24 February 2009 in relation to a discloseable transaction in relation to the subscription of convertible bonds issued by China Fortune in a principal amount of HK\$11,500,000 (the "First Subscription") with an initial conversion price of HK\$0.10 and the acquisition of 8,000,000 China Fortune Shares through the open market at a total consideration of HK\$1,956,920 (excluding stamp duty and related expenses). From 19 March 2009 to 26 March 2009, Top Good further acquired a total of 45,738,000 China Fortune Shares through the open market at a total consideration of HK\$10,649,142 (excluding stamp duty and related expenses).

As at the date of this announcement, the Group is interested in a total of 53,738,000 China Fortune Shares (the "Acquisition"), representing approximately 7.11% of the entire issued share capital of China Fortune. Assuming the completion of the Subscription Agreement, the Group has subscribed a total amount of the China Fortune CB (as defined in this announcement and the announcement of the Company dated 24 February 2009) of HK\$43,500,000.

Save as those disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, China Fortune is a third party independent of the Company and its connected persons.

The applicable percentage ratio for the Subscription, the First Subscription, the Acquisition, and/or the aggregate of the Subscription, the First Subscription and the Acquisition is more than 5% but less than 25%. Assuming full conversion of the China Fortune CB subscribed in the First Subscription and the Subscription aggregated with the Acquisition, the applicable percentage ratio is more than 5% but less than 25%. Therefore, the Subscription, the First Subscription, the aggregate of the Subscription and the First Subscription, the Acquisition and/or the full conversion of the China Fortune CB constitutes a discloseable transaction for the Company pursuant to Rule 14.06 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires.

“Board”	the board of the Directors
“Bondholder(s)”	means the person who is for the time being the holder of the China Fortune CB
“China Fortune”	China Fortune Group Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange (Stock Code: 290)
“China Fortune CB”	the convertible bonds issued by China Fortune in a principal amount of HK\$32,000,000 with an initial conversion price of HK\$0.16
“China Fortune Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of China Fortune
“Company”	PME Group Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange (Stock Code: 379)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	5 May 2009, being the last trading day before the date of the Subscription Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the China Fortune CB by Top Good
“Subscription Price”	a total of HK\$32,000,000 for the Subscription
“Subscription Agreement”	the subscription agreement dated 6 May 2009 entered into between China Fortune and Top Good in relation to the Subscription

“subsidiaries”	has the meaning as ascribed thereto under the Listing Rules
“Top Good”	Top Good Holdings Limited, a wholly-owned subsidiary of the Company and incorporated in Hong Kong with limited liability
“%”	per cent.

By Order of the Board
PME Group Limited
Tin Ka Pak
Executive Director

Hong Kong, 6 May 2009

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

** For identification purpose only*