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## **THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**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.

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### **MAJOR TRANSACTION AND NOTICE OF EXTRAORDINARY GENERAL MEETING**

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A notice convening an extraordinary 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 Wednesday, 3 June 2009 at 10:00 a.m. is set out on pages 19 and 20 of this circular. A form of proxy for use at the extraordinary 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](http://www.hkexnews.hk). If you are unable to attend the extraordinary 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 extraordinary 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 extraordinary general meeting or any adjournment thereof should you so wish.

\* For identification purpose only

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## DEFINITIONS

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

“Agreement”	the sale and purchase agreement dated 12 March 2009 entered into between the Vendor and the Purchaser in relation to the Disposal
“Board”	the board of Directors of the Company from time to time
“China Bio-Med”	China Bio-Med Regeneration Technology Limited, a company incorporated in the Cayman Islands and the issued China Bio-Med Shares of which are listed on the GEM
“China Bio-Med Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of China Bio-Med
“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
“Completion”	the completion of the Disposal
“Completion Date”	the date on which Completion shall take place
“Consideration”	the aggregate consideration of HK\$60,000,000 for the Disposal
“Directors”	directors of the Company
“Disposal”	the disposal of the Sale Shares by the Vendor to the Purchaser
“Document Escrow Agreement”	The agreement dated 12 March 2009 entered into among the Vendor, the Purchaser and the Purchaser’s Solicitor (as escrow agent)
“EGM”	the extraordinary general meeting of the Company to be convened on 3 June 2009 and held to consider and, if thought fit, approve the Agreement with the terms and conditions set out herein

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## DEFINITIONS

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“Escrow Documents”	including (i) relevant documents for instruction of transfer of the Sale Shares to securities account or investor account in Central Clearing And Settlement System as designated by the Purchaser, (ii) stamp duty of the transfer of the Sale Shares to be borne by the Vendor in cash and (iii) the certify true copy of the board minutes of the Vendor in relation to the Disposal
“GEM”	the Growth Enterprise Market of the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Initial Long Stop Date”	60 days after the execution of the Agreement
“Latest Practicable Date”	14 May 2009, being the latest practicable date prior to the printing of the circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Monies Escrow Agreement”	the agreement dated 12 March 2009 entered into among the Vendor, the Purchaser and the Vendor’s Solicitor (as escrow agent)
“PRC”	the People’s Republic of China
“Purchaser”	Vital-Gain Global Limited, a company incorporated in the British Virgin Islands with limited liability
“Purchaser’s Solicitor”	S. H. Chan & Co.
“Sale Shares”	500,000,000 China Bio-Med Shares, representing approximately 21.92% of the entire issued share capital of China Bio-Med as at the date of the Agreement, which are fully paid up or credited as fully paid and are beneficially owned by the Vendor
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

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## DEFINITIONS

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“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
“Vendor”	One Express Group Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company
“Vendor’s Solicitor”	Hau, Lau, Li & Yeung Solicitors
“HK\$”	Hong Kong dollars, the lawfully currency of HongKong
“%”	per cent.

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## LETTER FROM THE BOARD

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*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

*Independent Non-executive Directors:*

Mr. Chow Fu Kit Edward  
Mr. Leung Yuen Wing  
Mr. Soong Kok Meng

*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

18 May 2009

*To the Shareholders*

Dear Sir or Madam,

### **MAJOR TRANSACTION AND NOTICE OF EXTRAORDINARY GENERAL MEETING**

#### **INTRODUCTION**

On 18 March 2009, the Board announces that on 12 March 2009, the Vendor, a wholly-owned subsidiary of the Company, entered into the Agreement in relation to the disposal of 500,000,000 ordinary shares of China Bio-Med, a company listed on the GEM of the Stock Exchange, at the Consideration of HK\$60,000,000. The Sale Shares represents approximately 21.92% of the entire issued share capital of China Bio-Med as at the date of the Agreement and 20.15% of the entire issued share capital of China Bio-Med as at the Latest Practicable Date.

The Agreement is subject to the fulfillment of the conditions set out below in this circular. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third party independent of the Company and its connected persons.

\* *For identification purpose only*

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## LETTER FROM THE BOARD

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The Disposal constitutes a major transaction on the part of the Company under Rule 14.06 of the Listing Rules and is therefore subject to the approval of the Shareholders at the EGM. As no Shareholder has a material interest in the Disposal, no Shareholder is required to abstain from voting on the Disposal at the EGM.

The purpose of this circular is to provide you further information regarding the Agreement and the Disposal and to give you a notice to convene the EGM.

### AGREEMENT

**Date:** 12 March 2009

**Parties:** Vendor: One Express Group Limited, a wholly owned subsidiary of the Company

Purchaser: Vital-Gain Global Limited

The principal activity of the Purchaser is investment holdings.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third party independent of the Company and its connected persons.

### Assets to be disposed

Pursuant to the Agreement, the Purchaser has agreed to acquire and the Vendor has agreed to sell the Sale Shares comprising of 500,000,000 China Bio-Med Shares of HK\$0.01 each in the share capital of China Bio-Med, representing approximately 21.92% of the entire issued share capital of China Bio-Med as at the date of the Agreement and 20.15% of the entire issued share capital of China Bio-Med as at the Latest Practicable Date. The acquisition cost of the Sale Shares was approximately HK\$97,000,000 and the market value of the Sales Shares as at the date of the Agreement was approximately HK\$73,500,000.

China Bio-Med is a company incorporated in the Cayman Islands with limited liability and its issued shares (including the Sale Shares) are listed on the GEM of the Stock Exchange.

Under the Agreement, the Purchaser is not subject to any restriction on further sale of the Sale Shares.

### Consideration

The Consideration for the Sale Shares shall be the sum of HK\$60,000,000, which shall be satisfied by the Purchaser in cash in the following manner:

- (i) an initial payment of the Consideration in the sum of HK\$5,000,000 (the "Initial Payment") shall be payable from the Purchaser to the Vendor within 5 business days upon execution of the Agreement;

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## LETTER FROM THE BOARD

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- (ii) on 23 March 2009, the Vendor and the Purchaser entered into a supplemental sale and purchase agreement that further payment of HK\$12,000,000 (the “Further Payment”) was released from the Vendor’s Solicitors to the Vendor; and
- (iii) the remaining balance of the Consideration in the sum of HK\$43,000,000 (the “Remaining Balance”) shall be paid to the Vendor’s Solicitor, as escrow agent, within 5 days after signing of the Agreement and be deposited into an interest-bearing account in a licensed bank in Hong Kong. The Remaining Balance (together with the bank interest accrued thereon) escrowed by the Vendor’s Solicitor will be released to the Vendor upon Completion.

The Consideration was arrived at after arm’s length negotiations between the Vendor and the Purchaser with reference to (i) the premium of the Sale Price to the unaudited net asset value of China Bio-Med as at 31 October 2008 of approximately HK\$209,744,000, equivalent to approximately HK\$0.09 per China Bio-Med Share, and (ii) the low liquidity of the China Bio-Med Shares traded in the market in the recent months and the high volume of China Bio-Med Shares to be disposed of. The Directors consider that the Consideration are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Conditions**

Completion of the Agreement is conditional upon fulfillment of the following conditions:

- (i) the Company obtain the Shareholders’ approval to the Agreement and the transactions contemplated therein (if required); and all consents or approval of any relevant regulatory authorities (if required); and
- (ii) China Bio-Med maintains its listing status on the GEM of the Stock Exchange.

If any of the above conditions is not fulfilled on or before the Initial Long Stop Date, the Vendor can seek for an extension of completion of the Agreement. The extension in any event shall not be more than 45 days after the Initial Long Stop Date.

If the above conditions are not fulfilled upon 45 days after the Initial Long Stop Date,

- (i) The Vendor’s Solicitor shall refund to the Purchaser the Remaining Balance (together with the bank interest accrued thereon) according to the Monies Escrow Agreement and the Vendor shall refund to the Purchaser the Initial and Further Payment (without interest); and
- (ii) The Purchaser’s Solicitor shall return to the Vendor the escrow document according to the Document Escrow Agreement.



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## LETTER FROM THE BOARD

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On 11 May 2009, the Vendor and the Purchaser agreed to extend the completion date of the Agreement from (on or before) 11 May 2009 (i.e. 60 days after the execution of the Agreement) to (on or before) 12 June 2009.

### Completion

Subject to the fulfillment of the conditions mentioned above, Completion shall take place within 3 days after a notice to be sent by the Vendor to the Purchaser or the Purchaser's Solicitor and the Vendor's Solicitor.

### INFORMATION OF CHINA BIO-MED

China Bio-Med is a company incorporated in the Cayman Islands with limited liability which together with its subsidiaries are principally engaged in the provision of professional translation services, company secretarial services, business, accounting and corporate development advisory services, and tissue organ engineering business in the PRC. China Bio-Med is a company listed on the GEM of the Stock Exchange.

As stated in the interim report of China Bio-Med for the six months ended 31 October 2008, China Bio-Med had unaudited net asset value of approximately HK\$209,744,000. The following information is extracted from the financial reports of China Bio-Med for the two years ended 30 April 2007 and 2008 and the nine months ended 31 January 2009 which were prepared in accordance with the Hong Kong Financial Reporting Standards:

	<b>Nine months ended 31 January 2009</b>	<b>For the year ended 30 April</b>	
	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (audited)	<i>HK\$'000</i> (audited)
Revenue	13,621	88,760	64,952
Profit/(loss) before tax	35,389	(3,240)	(860)
Profit/(loss) after tax attributable to equity holders of China Bio-Med	40,536	(3,446)	(365)

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## LETTER FROM THE BOARD

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### REASONS FOR THE DISPOSAL

The principal activity of the Company is investment holding. The subsidiaries of the Company are principally engaged in manufacturing and trading of polishing materials and equipments and investment.

The Directors considered that the recent financial crisis and credit crunch in global financial market will inevitably slow down the development of the global economy and may also affect the prospect of China Bio-Med. The Directors review the Group's investment strategy from time to time. The Disposal represents a good opportunity for the Group to realise its investment in China Bio-Med and to strengthen the cash position of the Group. Taking into account the low liquidity of the China Bio-Med Shares traded in the market in recent months and the high volume of the China Bio-Med Shares to be disposed of, the Directors are of the view that the terms and conditions of the Disposal are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### FINANCIAL EFFECT OF THE DISPOSAL

Subject to audit, it is presently estimated that, upon Completion, the Group will record a loss of approximately of HK\$795,000 arising from the Disposal as calculated by the net proceeds of approximately HK\$59,500,000 from the Disposal less the book value of the Sale Shares of approximately HK\$60,295,000 as at 31 December 2008. The disposal loss of approximately HK\$795,000 will be charged to the consolidated income statement of the Company. The assets of the Group will be decreased by approximately HK\$795,000 and the liability of the Group will remain unchanged.

### USE OF PROCEEDS FROM DISPOSAL

It is expected that the net proceeds from the Disposal will be approximately HK\$59.5 million (after deducting all relevant fees and expenses such as professional fees and publication fees). Approximately HK\$34 million will be applied to settle the balance payment for purchase of the Sales Shares by 31 August 2009. The remaining balance of approximately HK\$25.5 million will be applied as general working capital of the Group and to fund any potential investments available to the Group in the future.

### EGM

A notice convening the EGM to be held at 5th Floor, Unison Industrial Centre, Nos. 27-31 Au Pui Wan Street, Fo Tan, Shatin, Hong Kong on Wednesday, 3 June 2009 at 10:00 a.m. is set out on pages 19 and 20 of this circular. An ordinary resolution will be proposed at the EGM to consider and, if thought fit, approve the Agreement with the terms and conditions set out herein.

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## LETTER FROM THE BOARD

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A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published at the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk). If you are unable to attend the EGM, 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 EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

### VOTING AT EGM

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at the EGM must be taken by poll.

### RECOMMENDATION

The Directors consider that the terms of the Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution at the EGM to approve this transaction.

### FURTHER INFORMATION

Your attention is also drawn to the 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*

**1. INDEBTEDNESS STATEMENT**

As at 31 March 2009, the Group had secured bank borrowings of approximately HK\$11,404,000, secured other borrowings of approximately HK\$5,945,000.

As at 31 March 2009, the Group had pledged its leasehold land and buildings, interest in an associate and held-for-trading investments with carrying values of approximately HK\$84,860,000, HK\$28,166,000 and HK\$74,561,000 respectively to secure the general credit facilities granted to the Group.

As at 31 March 2009, the Group had no material contingent liabilities.

Save as aforesaid and apart from intra-group liabilities, as at 31 March 2009, the Group had no other outstanding mortgages, charges, debentures, loan capital or bank overdrafts, borrowings or other similar indebtedness, hire purchase commitments, liabilities under acceptances, acceptance credits or any guarantees or any material contingent liabilities.

**2. WORKING CAPITAL**

The Directors, after due and careful consideration, are of the opinion that upon completion of the Disposal and after taking into account the internal resources and present banking facilities available to the Group and the expected proceeds to be received from the Disposal, the Group has sufficient working capital for its requirements for at least the next twelve months from the date of this circular in the absence of unforeseen circumstances.

**3. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, save as disclosed herein, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2008, being the date to which the Group's latest published audited accounts were made up.

**4. FINANCIAL AND TRADING PROSPECTS**

During the first half of 2008, the material prices and the production costs continued to increase. The appreciation of Renminbi further pushed up the Group's production costs on top of the rising prices. The outbreak of the global financial crisis during the second half of 2008 adversely affected the export of consumer products from China to the United States and European markets. The demand for the Group's polishing products decreased simultaneously. The Group has taken various steps to promote its products including restructuring its distribution network and reducing the product prices in order to increase the competitiveness of the Group's products in the market.

Looking ahead to year 2009, it will still be a difficult year. Although the governments worldwide have been taking massive fiscal and monetary policies to counter the financial turmoil and stabilise the financial markets, and the PRC government has implemented various steps to push up the export industries, it takes time to restore the market confidence and consumer demand. The competition in the polishing materials market in Hong Kong and Mainland China will still be very keen in 2009. The Group is making every effort to control its costs, taking advantage of its well-established sales network and expanding its distribution network. The Group will also concentrate on manufacturing and trading products with higher margin and market competitiveness in order to enhance its profit ratio.

The Directors expect that the Hong Kong stock market will recover moderately in 2009. The Group will take more prudent investment policies but believes that attractive investment opportunities are available as companies and businesses will be undervalued in a volatile financial market. The Company will grasp the investment and business opportunities as they arise to enhance value for its shareholders.

**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 document 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.

**DISCLOSURE OF INTERESTS****(a) Director's interests and short positions in the securities of the Company and its associated corporations**

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have taken under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, were as follows:

Name of Director	Number or attributable number of Shares/ underlying Shares held or short positions	Nature of interests		Approximate percentage or attributable percentage of shareholding (%)
		Interest of controlled corporation	Beneficial owner	
Mr. Cheng Kwok Woo	379,338,000(L)	318,438,000 (Note 1)	54,400,000 (Note 2)	21.57
			6,500,000 (Note 3)	
Mr. Cheng Kwong Cheong	379,338,000(L)	318,438,000 (Note 1)	54,400,000 (Note 2)	21.57
			6,500,000 (Note 3)	

Name of Director	Number or attributable number of Shares/ underlying Shares held or short positions	Nature of interests		Approximate percentage or attributable percentage of shareholding (%)
		Interest of controlled corporation	Beneficial owner	
Ms. Yeung Sau Han Agnes	15,000,000(L)	–	15,000,000 (Note 3)	0.85
Ms. Chan Shui Sheung Ivy (Note 4)	15,000,000(L)	–	15,000,000 (Note 3)	0.85

*L: Long Position*

*Notes:*

1. These Shares are held by PME Investments (BVI) Co., Ltd. (“PME Investments”), a company incorporated in the British Virgin Islands. The entire issued share capital of PME Investments is beneficially owned as to one-third by each of Mr. Cheng Kwok Woo, Mr. Cheng Kwong Cheong and Ms. Cheng Wai Ying.
2. Each of Mr. Cheng Kwok Woo and Mr. Cheng Kwong Cheong personally holds 54,400,000 Shares.
3. These represent the Shares to be allotted and issued upon the exercise of the share options granted to Mr. Cheng Kwok Woo, Mr. Cheng Kwong Cheong, Ms. Yeung Sau Han Agnes and Ms Chan Shui Sheung Ivy under the share option scheme of the Company, respectively.
4. Ms. Chan Shui Sheung Ivy is interested in 1,800,000 shares of China Bio-Med, an associated corporation of the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

**(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial Shareholders**

So far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Number or attributable number of Shares/underlying Shares held or short positions	Nature of interests	Approximate percentage or attributable percentage of shareholding (%)
PME Investments	318,438,000 (L) <i>(Note 1)</i>	Beneficial owner	18.11
Ms. Cheng Wai Ying	318,438,000 (L) <i>(Note 1)</i>	Interest of controlled corporation	20.23
	34,400,000 (L) <i>(Note 2)</i>	Beneficial owner	
	3,000,000 (L) <i>(Note 3)</i>	Beneficial owner	
Ms. Tsang Sui Tuen	379,338,000 (L) <i>(Note 4)</i>	Interest of spouse	21.57
Ms. Wan Kam Ping	379,338,000 (L) <i>(Note 5)</i>	Interest of spouse	21.57
Mr. Cheng Yau Kuen	355,838,000 (L) <i>(Note 6)</i>	Interest of spouse	20.23

*L: Long Position*

*Notes:*

1. PME Investments is an investment holding company incorporated in the British Virgin Islands and its entire issued share capital is beneficially owned as to one-third by each of Mr. Cheng Kwok Woo, Mr. Cheng Kwong Cheong and Ms. Cheng Wai Ying.
2. Ms. Cheng Wai Ying personally holds 34,400,000 Shares.
3. This represents the Shares to be allotted and issued upon the exercise of the share options granted to Ms. Cheng Wai Ying under the share option scheme of the Company.
4. Ms. Tsang Sui Tuen is the spouse of Mr. Cheng Kwok Woo and is accordingly deemed to have interests in the Shares and the underlying Shares that Mr. Cheng Kwok Woo has interests in.
5. Ms. Wan Kam Ping is the spouse of Mr. Cheng Kwong Cheong and is accordingly deemed to have interests in the Shares and the underlying Shares that Mr. Cheng Kwong Cheong has interests in.
6. Mr. Cheng Yau Kuen is the spouse of Ms. Cheng Wai Ying and is accordingly deemed to have interests in the Shares and the underlying Shares that Ms. Cheng Wai Ying has interests in.



**(c) Persons who are interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:**

So far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, the following persons (not being Directors or chief executive of the Company) were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

<b>Name of member of the Group</b>	<b>Name of shareholder</b>	<b>Approximate percentage</b>
Host Luck Limited	Lau Kwan Ying, Dora	10%
Shanghai PME-XINHUA Polishing Materials Systems	上海新華化工廠 (Shanghai Xin Hua Chemical Factory <sup>#</sup> )	40%

<sup>#</sup> The English translation of the Chinese name is included for information purpose only, and should not be regarded as official English translation of such Chinese name.

**(d) Save as disclosed above, as at the Latest Practicable Date:**

(i) the Directors and the chief executive of the Company were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

(ii) none of the Directors was a director or employee of a company which had, or was deemed to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(e) Mr. Tin Ka Pak and Ms. Yeung Sau Han Agnes, being the executive directors of the Company, are also the executive directors of China Bio-Med.

**DIRECTORS' INTERESTS IN CONTRACTS**

Each of Mr. Cheng Kwok Woo and Mr. Cheng Kwong Cheong has entered into a service agreement with the Company for an initial term of three years commencing from 1 October 2002, and will continue thereafter until terminated by not less than three month's notice in writing served by either party on the other.

Save as disclosed above, as at the Latest Practicable Date, no Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2008, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by, or leased to the Company or any member of the Group, or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

### **LITIGATION**

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

### **COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors nor their respective associates had any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

### **MATERIAL CONTRACTS**

As at the Latest Practicable Date, the following contracts have been entered into by members of the Group within the two years preceding the issue of this circular and are or may be material:

- (i) the placing agreement dated 2 April 2007 entered into between the Company and Get Nice Investment Limited as placing agent for the placing of 191,600,000 Shares at a price of HK\$0.172 per Share;
- (ii) the placing agreement dated 12 April 2007 entered into between the Company and Kingston Securities Limited as placing agent for the placing of a total number of 220,000,000 unlisted warrants at the initial subscription price of HK\$0.25 per subscription Share;
- (iii) the sale and purchase agreement dated 25 June 2007 entered into between Gainyear Worldwide Limited, a wholly owned subsidiary of the Company, and Well Support Limited for the acquisition of 52,415,466 shares of Proactive Technology Holdings Limited (Stock Code: 8089) at a consideration of HK\$928,802,057.70. The sale and purchase agreement was terminated on 30 June 2008;
- (iv) the placing agreement dated 5 July 2007 entered into between the Company and CCB International Capital Limited as placing agent for the placing of 229,000,000 Shares at the placing price of HK\$2.49 per Share;

- (v) the sale and purchase agreement dated 17 December 2007 entered into between Sunbright Asia Limited, a wholly owned subsidiary of the Company, and Shellybeach Investments Limited for the acquisition of 71,000,000 shares of China Railway Logistics Limited (Stock Code: 8089) at a consideration of HK\$284,000,000;
- (vi) the heads of agreement dated 30 January 2008 entered into between Smart Genius Limited, a wholly owned subsidiary of the Company, and Crown Sunny Limited for the possible acquisition of 51% equity interest in Giant Billion Limited with a total deposit of HK\$80,000,000;
- (vii) the subscription agreement dated 11 February 2008 entered into between Richcom Group Limited, a wholly owned subsidiary of the Company, and Betterment Enterprises Limited (“BEL”) for the subscription of convertible bonds of BEL at the principal amount of HK\$64,000,000 (which represents 99.49% of the enlarged share capital of BEL after conversion) at a consideration of HK\$64,045,337;
- (viii) the placing agreement dated 8 April 2008 entered into between the Company and Hong Tong Hai Securities Limited as placing agent for the placing of 319,000,000 non-listed warrants of the Company at the warrant issue price of HK\$0.01 per warrant. The warrants entitle the placees to subscribe for a maximum of 319,000,000 new Shares at an initial warrant exercise price of HK\$0.50 per Share. The placing agreement was expired on 30 September 2008 and the warrant placing was not completed;
- (ix) the sale and purchase agreement dated 21 May 2008 entered into between One Express Group Limited, a wholly owned subsidiary of the Company, and Mangreat Assets Corporation, Williamsburg Invest Limited and Homelink Venture Corporation (altogether as vendor) for the acquisition of 515,200,000 shares of BM Intelligence International Limited (Stock Code: 8158) at a consideration of 99,948,800;
- (x) the placing agreement dated 20 October 2008 entered into between the Company and Hong Tong Hai Securities Limited as placing agent for the placing of 160,000,000 new Shares at a placing price of HK\$0.10 per Share;
- (xi) the placing agreement dated 18 February 2009 entered into between Top Good Holdings Limited, a wholly owned subsidiary of the Company, and Kingston Securities Limited as placing agent for the subscription of convertible bonds of China Fortune Group Limited (“China Fortune”) (Stock Code: 290) at the principal amount of HK\$11,500,000 at a consideration of HK\$11,500,000;

- (xii) the Agreement; and
  
- (xiii) the subscription agreement dated 6 May 2009 entered into between Top Good Holdings Limited, a wholly owned subsidiary of the Company, and China Fortune for the subscription of convertible bonds of China Fortune in the principal amount of HK\$32,000,000 at a total subscription price of HK\$32,000,000.

**MISCELLANEOUS**

- (a) The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
  
- (b) The head office and principal place of business of the Company is located at 5th Floor, Unison Industrial Centre, Nos. 27-31 Au Pui Wan Street, Fo Tan, Shatin, Hong Kong.
  
- (c) Tricor Secretaries Limited, the transfer office of the Company in Hong Kong, is located at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
  
- (d) The company secretary of the Company is Mr. Li Chak Hung, *CPA, FCCA*.
  
- (e) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

**DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours (except Saturdays and public holidays) at 5th Floor, Unison Industrial Centre, Nos. 27-31 Au Pui Wan Street, Fo Tan, Shatin, Hong Kong from the date of this circular up to and including 3 June 2009 and at the EGM:

- (a) the memorandum and articles of association of the Company;
  
- (b) the material contracts referred to in the paragraph headed "Material Contracts" in this Appendix;
  
- (c) the annual reports of the Company for each of the two financial years ended 31 December 2007 and 2008.

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## NOTICE OF EGM

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### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (“EGM”) 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 Wednesday, 3 June 2009 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution as ordinary resolution:

#### ORDINARY RESOLUTION

“**THAT** the agreement (the “Agreement”) dated 12 March 2009 entered into between One Express Group Limited (the “Vendor”), a wholly owned subsidiary of the Company as vendor, and Vital-Gain Global Limited (the “Purchaser”) as purchaser, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to acquire 500,000,000 shares of China Bio-Med Regeneration Technology Limited and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed and that the directors of the Company be and are hereby authorized to implement all the transactions referred to in the Agreement and to do all such acts and things and execute all such documents in its absolute discretion as it deems fit or appropriate to give effect to the Agreement and the arrangements contemplated thereunder.”

By Order of the Board  
**PME Group Limited**  
**Cheng Kwok Woo**  
*Chairman*

Hong Kong, 18 May 2009

*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

\* *For identification purpose only*

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## NOTICE OF EGM

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*Notes:*

1. A member entitled to attend and vote at the EGM 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 EGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number of Shares in respect of which each such proxy is so appointed.
2. A form of proxy for use at the EGM is enclosed. Such form of proxy is also published on the website of the Stock Exchange at [www.hkexnews.hk](http://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 notarially 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 EGM 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 EGM 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 EGM, 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 EGM 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.