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PME GROUP LIMITED

必美宜集團有限公司*

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 379)

TERMINATION OF VERY SUBSTANTIAL ACQUISITION

The Board announces that after arm's length negotiation between the Purchaser and the Vendor, the Purchaser and the Vendor have entered into a termination letter on 30 June 2008 to terminate the Sale and Purchase Agreement.

Reference is made to the Company's announcements dated 4 July 2007, 31 August 2007, 14 September 2007 and 27 December 2007 and the circular (the "Circular") dated 22 August 2007 respectively in relation to, among other matters, the acquisition of Sale Shares from the Vendor by the Purchaser. Definitions and terms used in this announcement, unless the context requires otherwise, shall bear the same meanings as defined in the Circular.

The Board announces that due to the substantial change of the market condition, after arm's length negotiation between the Purchaser and the Vendor, the Purchaser and the Vendor have entered into a termination letter on 30 June 2008 to terminate the Sale and Purchase Agreement and no party of the Sale and Purchase Agreement shall have any claim against any other party in respect of any matter arising out of or in connection with the Sale and Purchase Agreement. No impact on the operations or finances of the Group is expected as a result of the termination of the Acquisition.

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

Hong Kong, 2 July 2008

* *for identification purpose only*

As at the date of this announcement, the Board comprises (1) Mr. Cheng Kwok Woo, Mr. Cheng Kwong Cheong, Ms. Yeung Sau Han Agnes, Ms. Chan Shui Sheung Ivy and Mr. Tin Ka Pak as executive Directors; and (2) Messrs Leung Yuen Wing, Soong Kok Meng and Chow Fu Kit Edward as independent non-executive Directors.