

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **DISCLOSEABLE TRANSACTION**

### **SUBSCRIPTION OF CONVERTIBLE BONDS AND THE ACQUISITION OF SHARES IN CHINA FORTUNE**

On 18 February 2009, Top Good, a wholly-owned subsidiary of the Company, entered into the Placement Agreement with the Placing Agent to subscribe the China Fortune CB at a principal amount of HK\$11,500,000 and with an initial conversion price of HK\$0.10 per China Fortune Share.

On 23 February 2009, Top Good acquired 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), equivalent to an average price of approximately HK\$0.245 per China Fortune Share.

As the applicable percentage ratio for the Series of Acquisition is more than 5% but less than 25%, the Series of Acquisition constitutes a discloseable transaction for the Company pursuant to Rule 14.06(2) of the Listing Rules.

## **THE SERIES OF ACQUISITIONS**

### **Subscription of China Fortune CB**

On 18 February 2009, Top Good, a wholly-owned subsidiary of the Company, entered into the Placement Agreement with the Placing Agent to subscribe the China Fortune CB at a principal amount of HK\$11,500,000 and with an initial conversion price of HK\$0.10 per China Fortune Share. The subscription amount of HK\$11,500,000 has been settled by cash on 19 February 2009.

### **Principal terms of the China Fortune CB**

Issuer:	China Fortune Group Limited
Placing Agent:	Kingston Securities Limited
Basis:	Fully underwritten basis
Places:	Not less than six places to be procured by the Placing Agent
Amount:	HK\$50 million
Placing commission:	2.5% of the principal amount of the China Fortune CB

Issue price:	100% of the principal amount of the China Fortune CB
Interest rate:	0%
Conversion:	Noteholders have 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 provided that such part of the principal amount of the China Fortune CB to be converted shall not be less than HK\$100,000 at any one time (save that if at any time the principal outstanding amount shall be less than HK\$100,000, the whole (but not part only) of the principal amount of the China Fortune CB may be converted)
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
Maturity date:	The date falling on the third anniversary of the date of issue of the China Fortune CB
Placing Conversion Price:	HK\$0.10 per Placing Conversion Share
Transferability:	The China Fortune CB or any part(s) thereof may be assigned or transferred only with the prior written consent of China Fortune
Voting:	Noteholders shall not be entitled to receive notices of, attend or vote at any meetings of China Fortune by reason only of it being the noteholders
Ranking:	The China Fortune CB will rank pari passu with all other present and future unsecured and un-subordinated obligations of China Fortune except for obligations accorded preference by mandatory provisions of applicable laws
Limitation on conversion:	Noteholders 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
Events of default:	The China Fortune CB contains customary events of default provisions. Upon the happening of an event of default, noteholder(s) representing not less than 75% of the principal amount of the China Fortune CB outstanding may give notice to China Fortune declaring the China Fortune CB to be immediately due and payable

The 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.

To the best knowledge, information and belief of the Directors of the Company having made all reasonable enquiries, the Placing Agent and China Fortune are third parties independent of the Company and its connected persons.

### **Acquisition of China Fortune Shares**

On 23 February 2009, Top Good acquired 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), equivalent to an average price of approximately HK\$0.245 per China Fortune Share.

The 8,000,000 China Fortune Shares acquired represent approximately 1.06% of the entire issued share capital of China Fortune as at the date of this announcement.

The total consideration of HK\$1,956,920 (excluding stamp duty and related expenses) will be settled on 25 February 2009, being the second business day immediately after the date of the acquisition. The consideration will be fully satisfied in cash by the Group's internal resources.

As the Acquisition was conducted through the open market, the identity of the counterparty of the Acquisition cannot be ascertained and there shall be no restriction for any subsequent sale of the China Fortune Shares acquired by the Group.

### **INFORMATION ON CHINA FORTUNE**

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, unaudited consolidated total assets of approximately HK\$102 million and unaudited consolidated total liabilities of approximately HK\$57 million. The following information is extracted respectively from the unaudited interim report of China Fortune as announced on 29 December 2008 and the audited financial statements for the financial year ended 31 March 2008 of China Fortune:

	<b>For the six month ended 30 September 2008 HK\$'million (unaudited)</b>	<b>For the year ended 31 March 2008 HK\$'million (audited)</b>	<b>2007 HK\$'million (audited)</b>
<b>Revenue</b>	4.2	12.3	6.5
<b>Profit/(loss) before taxation</b>	24.4	(5.8)	(12.4)
<b>Profit/(loss) after taxation attributable to equity holders of China Fortune</b>	24.4	(5.8)	(13.2)

## **REASONS FOR AND BENEFITS OF THE SERIES OF ACQUISITION**

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

The China Fortune CB represents a discount of approximately 67.21% to the closing price of HK\$0.305 per China Fortune Share as quoted on the Stock Exchange on the Last Trading Day and a discount of approximately 67.85% to the average of the closing prices of approximately HK\$0.311 per 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 the Shareholders as a whole. The acquisition of 8,000,000 China Fortune Shares is for the purpose of diversifying the equity investment of the Group. As the relevant acquisitions were through the open market, the Directors believe that the terms of such acquisitions are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

## **GENERAL**

As the applicable percentage ratio for the Series of Acquisition is more than 5% but less than 25%, the Series of Acquisition constitutes a discloseable transaction of the Company pursuant to Rule 14.06(2) of the Listing Rules.

## **DEFINITIONS**

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

“Acquisition”	the acquisition of 8,000,000 China Fortune Shares
“Board”	the board of the Directors
“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\$11,500,000 with an initial conversion price of HK\$0.10
“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 PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing Agent”	Kingston Securities Limited
“Placing Agreement”	the placing agreement entered into between Top Good and the Placing Agent dated 18 February 2009
“PRC”	The People’s Republic of China
“Series of Acquisitions”	the acquisition of China Fortune CB and 8,000,000 China Fortune Shares
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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**  
**Cheng Kwok Woo**  
*Chairman*

Hong Kong, 24 February 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.*