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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)

MAJOR TRANSACTION AND RESUMPTION OF TRADING

The Board announces that on 12 March 2009 after trading hours, 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 capital of China Bio-Med as at the date of this announcement.

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. A circular containing, among other matters, further details of the Disposal and financial information of the Group will be despatched to the Shareholders in accordance with the relevant requirement of the Listing Rules.

Trading in the shares of the Company was suspended at the request of the Company with effect from 9:30 a.m. on 13 March 2009 pending for the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company from 9:30 a.m. on 19 March 2009.

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 this announcement. The purchase cost of the Sale Shares is 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; and
- (ii) the remaining balance of the Consideration in the sum of HK\$55,000,000 (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 Payment (without interest); and
- (ii) The Purchaser's Solicitor shall return to the Vendor the escrow document according to the Document Escrow Agreement.

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 is principally engaged in the provision of translation services, company secretarial services, business, accounting and corporate development advisory services, internet café business, and research and development of medical engineering, biological engineering and tissue engineering in a company 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:

	<i>Nine months ended 31 January 2009 HK\$'000 (unaudited)</i>	<i>Year ended 30 April 2008 HK\$'000 (audited)</i>	<i>2007 HK\$'000 (audited)</i>
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)

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\$37,500,000 arising from the Disposal as calculated by the net proceeds of approximately HK\$59,500,000 from the Disposal less the purchase cost of the Sale Shares of approximately HK\$97,000,000. The disposal loss of approximately [HK\$37,500,000] will be charged to the consolidated income statement of the Company.

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\$30 million will be applied to settle the final payment for purchase of the Sales Shares due on 31 August 2009. The remaining balance of approximately HK\$29.5 million will be applied as general working capital of the Group and to fund any potential investments available to the Group in the future.

GENERAL

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. As no Shareholder has a material interest in the Disposal, no Shareholder is required to abstain from voting on the Disposal.

A circular containing, among other matters, further details of the Disposal and financial information of the Group will be despatched to the Shareholders in accordance with the relevant requirement of the Listing Rules.

RESUMPTION OF TRADING

Trading in the shares of the Company was suspended at the request of the Company with effect from 9:30 a.m. on 13 March 2009 pending for the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company from 9:30 a.m. on 19 March 2009.

DEFINITIONS

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

“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)”	share(s) of HK\$0.01 each in the 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)
“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

“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, which are fully paid up or credited as fully paid and are beneficially owned by the Vendor
“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.

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

Hong Kong, 18 March 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*