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HEADS OF AGREEMENT AND ADVANCE TO AN ENTITY

Reference is made to the announcements of the Company dated 15 January 2008, 30 January 2008, 29 April 2008 and 30 September 2008 in relation to, among other matters, a proposed equity investment in Giant Billion.

The Board announces that to facilitate further negotiations between the Proposed Vendor and the Proposed Purchaser and more time is required to conduct the DD Review, after arm's length negotiation between the Proposed Vendor and the Proposed Purchaser, the Proposed Purchaser and the Proposed Vendor have agreed to further extend the Exclusivity Period from 31 December 2008 to 30 April 2009 (or such other date as the Proposed Vendor and the Proposed Purchaser may agree).

Reference is made to the announcements ("Announcements") of the Company dated 15 January 2008, 30 January 2008, 29 April 2008 and 30 September 2008 in relation to, among other matters, a proposed equity investment in Giant Billion. Definitions and terms used in this announcement, unless the context requires otherwise, shall bear the same meanings as defined in the Announcements.

The Board announces that to facilitate further negotiations between the Proposed Vendor and the Proposed Purchaser and more time is required to conduct the DD Review, after arm's length negotiation between the Proposed Vendor and the Proposed Purchaser, the Proposed Purchaser and the Proposed Vendor have agreed to further extend the Exclusivity Period from 31 December 2008 to 30 April 2009 (or such other date as the Proposed Vendor and the Proposed Purchaser may agree). Save for the further extension, all other terms and conditions of the Heads of Agreement will remain unchanged.

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

Hong Kong, 5 January 2009

* *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.