



AGREEMENT BETWEEN DMC AND THE CHA GROUP

Dollfus Mieg & Cie (DMC) and the Cha group of companies, owner of 17.27% of the shares in DMC via Felstead International Limited (Felstead), are pleased to announce an agreement involving the purchase by the Cha group of DMC's interest in their former Hong Kong joint venture and the settlement of all claims between them. The Cha group has agreed to pay the sum of approximately US\$18 million and each of the parties has agreed to bear its own costs of the legal proceedings. Felstead will retain its interest in DMC and both Felstead and the company's management look forward to a period of closer cooperation in promoting the best interests of the DMC group.

Commenting on the agreement, M Jacques Boubal, Chief Executive of DMC, said:

“I am very happy with the agreement we have reached with the Cha group which means that I and my management team will be able to work with them as shareholders in DMC towards building a successful future for the DMC group.”

This agreement comes at a time when there is a downward trend in the dollar (50% of the turnover of the Loisirs Créatifs Division) and a weakness in the retail business in France in September/October, attacking the Group's operating margin, which will be down on last year.

Pari, October 26th, 2004

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