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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)

**ISSUE OF NEW SHARES UNDER GENERAL MANDATE
AND RESUMPTION OF TRADING**

ISSUE OF NEW SHARES UNDER GENERAL MANDATE

After trading hours on 25 January 2013, the Company entered into the Subscription Agreements with the First Subscriber and the Second Subscriber respectively in relation to the subscription of a total of 1,000,000,000 new Shares in the share capital of the Company at HK\$0.355 per Subscription Share.

The Subscription Price represents (i) a discount of approximately 17.44% to the closing price of HK\$0.43 per Share as quoted on the Stock Exchange on the Last Trading Date; (ii) a discount of approximately 18.58% to the average closing price of HK\$0.436 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Date; and (iii) a discount of approximately 19.68% to the average closing price of HK\$0.442 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Date.

The Subscription Shares represent approximately (i) 9.16% of the issued share capital of the Company as at the date of this announcement; and (ii) 8.39% of the issued share capital of the Company as enlarged by the Subscription.

The net proceeds to be raised from the Subscription are approximately HK\$354.9 million, of which (i) approximately HK\$210 million is for the development of terminal and logistics business of the Company in Rizhao city, Shandong Province, the PRC; and (ii) the balance of approximately HK\$144.9 million is for general working capital and future strategic investments of the Group as and when opportunities arise.

The Subscription is not subject to Shareholders' approval as the Subscription Shares will be allotted and issued under the existing general mandate granted to the Directors at the annual general meeting of the Company held on 5 June 2012.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been halted from 9:00am on 25 January 2013 pending 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 from 9:00am on 29 January 2013.

THE SUBSCRIPTION AGREEMENTS

After trading hours on 25 January 2013, the Company entered into the Subscription Agreements with the First Subscriber and the Second Subscriber respectively, namely Sino Life Insurance Co., Ltd. and On Tak Lee Trading Limited, pursuant to which the First Subscriber and the Second Subscriber has agreed to subscribe and the Company has agreed to allot and issue 800,000,000 new Shares and 200,000,000 new Shares respectively.

The First Subscriber, Sino Life Insurance Co., Ltd., is an insurance company incorporated in PRC with limited liability and is currently holding 8.43% of the existing issued share capital of the Company before the Subscription. As advised by the First Subscriber, its shareholders are 深圳市富得金融投資控股有限公司 (Shenzhen Fude Financial Investment Holdings Co., Ltd.*, 20%), 深圳市華信投資控股有限公司 (Shenzhen Huaxin Investment Holdings Co., Ltd.*, 19.56%)、深圳市盈德置地有限公司 (Shenzhen Yingde Zhidi Co., Ltd.*, 16.66%), 深圳市洲際通商投資有限公司 (Shenzhen Zhouji Tongshang Investment Co., Ltd.*, 12.76%), 深圳市國民投資有限公司 (Shenzhen Guomin Investment Co., Ltd.*, 11.03%), Marine & Nichido Fire Insurance Co., Ltd.(9.96%), 大連實德集團有限公司 (Dalian Shide Group Co., Ltd.*, 4.23%), 大連東鵬房地產開發有限公司 (Dalian Dongpeng Real Estate Development Co., Ltd.*, 4.23%) and Tokio Marine Asia Pte. Ltd. (1.57%).

The Second Subscriber, On Tak Lee Trading Limited, is an logistic, trading and investment holdings company incorporated in Hong Kong with limited liability and as advised by the Second Subscriber, it is wholly-owned ultimately and beneficially by its shareholder namely Ms. Zhuang Lijuan.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the First Subscriber and Second Subscriber and their ultimate beneficial owners are not connected persons (as defined in the Listing Rules) of the Company and are independent of the Company.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the First Subscriber and the Second Subscriber are independent of each other.

Number of Subscription Shares

The 1,000,000,000 Subscription Shares represent approximately 9.16% (First Subscriber 7.33% and Second Subscriber 1.83% respectively) of the existing issued share capital of the Company as at the date of this announcement and approximately 8.39% (First Subscriber 6.71% and Second Subscriber 1.68% respectively) of the issued share capital of the Company as enlarged by the Subscription. The aggregate nominal value of the Subscription Shares under the Subscription will be HK\$10,000,000.

Subscription Price

The Subscription Price of HK\$0.355 per Subscription Share represents:

- (i) a discount of approximately 17.44% to the closing price of HK\$0.43 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (ii) a discount of approximately 18.58% to the average closing price of HK\$0.436 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Date; and
- (iii) a discount of approximately 19.68% to the average closing price of HK\$0.442 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last

Trading Date.

After deducting the relevant expenses, the net Subscription Price is approximately HK\$0.3549 per Subscription Share.

The Subscription Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Subscribers. The Directors consider that the Subscription Price is fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

The consideration for the Subscription Shares shall be settled in full on completion of the Subscription.

Subscription Shares

The Subscription Shares will be issued under the general mandate to allot, issue and otherwise deal with the Shares granted to the Directors by resolution of the Shareholders passed at the annual general meeting of the Company held on 5 June 2012 subject to the limit up to 20% of the then issued share capital of the Company as at the date of the annual general meeting of the Company held on 5 June 2012. Under the said general mandate, the Company is authorized to issue up to 1,016,839,520 Shares. Up to the date of this announcement, no Share has been issued under the said general mandate.

Ranking of Subscription Shares

The Subscription Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Subscription Shares.

Condition

The Subscription is only conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares.

If the condition is not fulfilled on or before 5 February 2013 (or such other date as agreed by the Company and the Subscribers), the Subscription Agreements and all rights and obligations thereunder shall be terminated.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Subscription Shares.

Completion of the Subscription

Completion of the Subscription shall take place on the third Business Day following the date on which the condition of the Subscription has been fulfilled (or such other date to be agreed by the Company and the Subscribers).

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Company was incorporated in Cayman Islands with limited liability. The principal activity of the Company is investment holding. The Group is principally engaged in production and sale of polishing materials and equipments, investment and investment in a joint venture in the PRC providing terminal and logistics services.

The net proceeds to be raised from the Subscription are approximately HK\$354.9 million, of which (i) approximately HK\$210 million is for the development of terminal and logistics business of the Company in Rizhao city, Shandong Province, PRC; and (ii) balance of approximately HK144.9 million is for general working capital and future strategic investments of the Group as and when opportunities arise.

As at the date of this announcement, the Company is still in the progress of identifying potential targets and has not entered into any memorandum of understanding or agreements in relation to any potential targets.

As the Subscription represents an opportunity to raise additional capital for the Company, strengthen the financial position of the Company and enhance the Shareholders base, the Directors (including the independent non-executive Directors) consider the Subscription Agreements is in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company has not conducted any equity capital raising activity for the 12 months immediately before the date of this announcement.

EFFECTS OF SHAREHOLDING STRUCTURE

The table below sets out the Company's shareholding structure as at the date of this announcement and after completion of the Subscription, assuming there is no change in the existing shareholding of the Company except for the Subscription.

Shareholders	As at the date of this announcement		Upon completion of the Subscription	
	No. of Shares held (Shares)	Approximate percentage of shareholding (%)	No. of Shares held (Shares)	Approximate percentage of shareholding (%)
Worldkin Development Limited (Note 1)	2,860,000,000	26.19	2,860,000,000	23.99
Profit Win International Limited (Note 2)	1,200,000,000	10.99	1,200,000,000	10.07
Sino Life Insurance Co., Ltd.	920,000,000	8.43	1,720,000,000	14.43
On Tak Lee Trading Limited	-	0.00	200,000,000	1.68
Directors (Note 3)	88,700,000	0.81	88,700,000	0.75
Other public Shareholders	<u>5,850,497,600</u>	<u>53.58</u>	<u>5,850,497,600</u>	<u>49.08</u>
Total	<u>10,919,197,600</u>	<u>100.00</u>	<u>11,919,197,600</u>	<u>100.00</u>

Notes:

- As at the date of this announcement, Mr. Wong Lik Ping, the Chairman and executive Director of the Company, holds entire interests of Worldkin Development Limited.
- As at the date of this announcement, Mr. Chen Hui holds entire interests of Profit Win International Limited.

3. *As at the date of this announcement, Ms. Yeung Sau Han Agnes and Ms. Chan Shui Sheung Ivy, the executive Directors of the Company, owns 27,250,000 Shares and 550,000 Shares respectively. Mr. Cheng Kwok Woo, the non-executive Director of the Company, owns 60,900,000 Shares.*

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been halted from 9:00am on 25 January 2013 pending 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 from 9:00am on 29 January 2013.

DEFINITIONS

“Board”	the board of Directors
“Business Day”	any day (other than Saturday and Sunday) on which banks in Hong Kong are open for general banking
“Company”	PME Group Limited, a company incorporated in Cayman Islands with limited liability, the Shares are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“First Subscriber”	Sino Life Insurance Co., Ltd., a company incorporated in the PRC with limited liability
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Last Trading Date”	24 January 2013, being the last trading day for the Shares prior to the issue of this Announcement and the entering into the Subscription Agreements
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“Second Subscriber”	On Tak Lee Trading Limited, a company incorporated in Hong Kong with limited liability
“Share(s)”	ordinary share(s) in the share capital of the Company, with a par value of HK\$0.01 each
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	the First Subscriber and the Second Subscriber
“Subscription”	the subscription of the Subscription Shares by the First Subscriber and the Second Subscriber pursuant to the Subscription Agreements

“Subscription Agreements”	the two subscription agreements between the Company and the First Subscriber and the Second Subscriber respectively both dated 25 January 2013 in relation to the Subscription
“Subscription Price”	the subscription price of HK\$0.355 per Subscription Share under the Subscription
“Subscription Share(s)”	a total of 1,000,000,000 new Shares to be issued under the Subscription, of which 800,000,000 new Shares to the First Subscriber and 200,000,000 new Shares to the Second Subscriber respectively
“%”	per cent

By the order of the Board
PME Group Limited
Wong Lik Ping
Chairman

Hong Kong, 28 January 2013

As at the date of this announcement, the Board comprises (1) Mr. Wong Lik Ping, Ms. Yeung Sau Han Agnes, Ms. Chan Shui Sheung Ivy, Mr. Lai Ka Fai, Mr. Wang Liang and Mr. Shi Chong as executive Directors; (2) Mr. Cheng Kwok Woo as non-executive Director, and (3) Mr. Leung Yuen Wing, Mr. Lam Kwok Hing Wilfred, Mr. Goh Choo Hwee and Mr. Ho Hin Yip as independent non-executive Directors.

** For identification purpose only*