PME GROUP LIMITED
必美宜集團有限公司*

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 379)

Interim Results Announcement
For the six months ended 30 June 2013

The board of directors ("Board" or "Directors") of PME Group Limited ("Company") hereby announces the unaudited consolidated results of the Company and its subsidiaries ("Group") for the six months ended 30 June 2013 together with the comparative figures for the corresponding period in 2012 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2013

		Six months ended 30 June	
		2013	2012
		(Unaudited)	(Unaudited and restated)
	Notes	***HK$'000***	*HK$'000*
Turnover	3	**41,690**	56,070
Revenue	4	**37,773**	35,006
Cost of sales		**(34,796)**	(32,672)
Gross profit		**2,977**	2,334
Other income, gain or loss		**1,242**	4,626
Selling and distribution expenses		**(2,618)**	(7,085)
Administrative expenses		**(13,548)**	(15,181)
Change in fair value of held for trading investments		**-**	3,181
Gain on disposals of held for trading investments		**754**	5,099
Loss on disposals of available-for-sale investments		**-**	(3,113)
Fair value change of convertible bonds designated as financial assets at fair value through profit or loss		**2,534**	-
Loss on disposals of convertible bonds designated as financial assets at fair value through profit or loss		**-**	(7,366)
Loss on partial disposal of an associate		**-**	(12,907)
Gain on disposal of a subsidiary		**1,769**	-
Return on advances and charge over assets granted to an associate		**-**	174
Share of results of associates		**(2,481)**	(1,932)
Share of results of joint ventures		**80,706**	43,079
Finance costs	5	**(2,782)**	(17,818)
Profit (loss) before taxation		**68,553**	(6,909)
Taxation	6	**-**	(111)
Profit (loss) for the period	7	**68,553**	(7,020)

	Notes	Six months ended 30 June **2013** **(Unaudited)** ***HK$'000***	2012 (Unaudited) *HK$'000*
Other comprehensive income			
Share of other comprehensive income of associates		**570**	161
Other comprehensive income for the period		**570**	161
Total comprehensive income (expense) for the period		**69,123**	(6,859)
Profit (loss) for the period attributable to:			
- Owners of the Company		**68,554**	(7,018)
- Non-controlling interests		**(1)**	(2)
		68,553	(7,020)
Total comprehensive income (expense) attributable to:			
- Owners of the Company		**69,124**	(6,857)
- Non-controlling interests		**(1)**	(2)
		69,123	(6,859)
Earnings (loss) per share	9		
- Basic		**HK 0.59cents**	(HK 0.14cents)
- Diluted		**HK 0.59cents**	(HK 0.14cents)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Notes	**30 June 2013 (Unaudited) *HK$'000***	31 December 2012 (Restated) *HK$'000*
Non-Current Assets			
Property, plant and equipment		**4,155**	4,875
Available-for-sale investments		**2,500**	2,500
Interest in an associate		**74,933**	76,844
Interests in joint ventures		**693,612**	666,703
Deferred tax assets		**51**	51
Club debentures		**350**	350
		775,601	751,323
Current Assets			
Inventories		**17,539**	18,394
Trade and bills receivables, other receivables, deposits and prepayments	10	**34,421**	79,612
Convertible bond designated as financial assets at fair value through profit or loss		**34,534**	-
Amount due from a joint venture		**579**	294
Held for trading investments		**-**	3,163
Deposits placed with financial institutions		**120**	126
Bank balances and cash		**419,671**	12,311
		506,864	113,900
Current Liabilities			
Trade payables, other payables and accruals	11	**37,632**	39,306
Taxation payable		**37,303**	37,303
Convertible bonds		**-**	94,410
Amount due to an associate		**32,000**	34,900
Obligation under finance leases		**99**	393
Bank and other loans		**8,700**	11,803
		115,734	218,115
Net Current Assets (Liabilities)		**391,130**	(104,215)
Total Assets less Current Liabilities		**1,166,731**	647,108
Capital and Reserves			
Share capital	13	**119,192**	94,042
Reserves		**1,046,695**	552,221
Equity attributable to owners of the Company		**1,165,887**	646,263
Non-controlling interests		**844**	845
Total Equity		**1,166,731**	647,108

NOTES

1. BASIS OF PRESENTATION

The condensed consolidated financial statements have been prepared in accordance with the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012.

In the current interim period, the Group has applied, for the first time, certain new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are mandatorily effective for the current interim period.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. Disclosures of fair value information are set out in the interim report.

HKFRS 11 Joint arrangements

Joint arrangements under HKFRS 11 have the same basic characteristics as joint ventures under HKAS 31. Joint arrangements are classified as either joint operations or joint ventures. Where the Group has rights to the assets and obligations for the liabilities of the joint arrangement, it is regarded as a joint operator and will recognise its interests in the assets, liabilities, income and expenses arising from the joint arrangement. Where the Group has rights to the net assets of the joint arrangement as a whole, it is regarded as having an interest in a joint venture and will apply the equity method of accounting. HKFRS 11 does not allow proportionate consolidation. In an arrangement structured through a separate vehicle, all relevant facts and circumstances should be considered to determine whether the parties to the arrangement have rights to the net assets of the arrangement. Previously, the existence of a separate legal entity was the key factor in determining the existence of a jointly controlled entity under HKAS 31.

The Group's joint arrangements are structured as a limited company and provide the Group and the parties to the agreements with rights to the net assets of the limited company under the arrangements. Therefore, the Group's joint arrangements are classified as joint ventures of the Group.

Before 1 January 2013, the Group's interests in its joint ventures were proportionately consolidated. HKFRS 11 does not permit proportionate consolidation of joint ventures and requires equity accounting. The Group has applied the new policy for interests in joint ventures occurring on or after 1 January 2012 in accordance with the transition provisions of HKFRS 11. The Group recognised its interests in a joint venture at the beginning of the earliest period presented (1 January 2012), as the total of the carrying amounts of the assets and liabilities previously proportionately consolidated by the Group. This is the deemed cost of the Group's interests in a joint venture for applying equity accounting.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition of profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint venture have been changed where necessary to ensure consistency with the policies adopted by the Group. The change in accounting policy has been applied as from 1 January 2012. There is no impact on the net assets of the periods presented.

The effect of adopting equity accounting method for joint ventures under HKFRS 11 on the condensed consolidated statement of financial position of the Group at 31 December 2012 is as follows:

	At 31 December 2012		
	Original stated *HK$'000*	Adjustments *HK$'000*	Restated *HK$'000*
Property, plant and equipment	684,988	(680,113)	4,875
Prepaid lease payments – non-current	18,552	(18,552)	-
Prepaid lease payments – current	422	(422)	-
Goodwill	39,949	(39,949)	-
Sea use rights	111,068	(111,068)	-
Interests in joint ventures	-	666,703	666,703
Deposits for acquisition of property, plant and equipment	1,821	(1,821)	-
Inventories	22,642	(4,248)	18,394
Trade and bills receivables, other receivables, deposits and prepayments	182,343	(102,731)	79,612
Amount due from a joint venture	-	294	294
Bank balances and cash	127,599	(115,288)	12,311
Trade payables, other payables and accruals	(132,949)	93,643	(39,306)
Taxation payable	(42,786)	5,483	(37,303)
Obligations under finance leases – current	(18,212)	17,819	(393)
Obligations under finance leases – non-current	(76,414)	76,414	-
Bank and other loans – current	(20,363)	8,560	(11,803)
Bank and other loans – non-current	(95,722)	95,722	-
Amount due to a fellow subsidiary of a partner of a joint venture	(74,760)	74,760	-
Deferred tax (liabilities) assets	(34,743)	34,794	51

The effect of adopting equity accounting method for joint ventures under HKFRS 11 on the condensed consolidated statement of profit or loss of the Group for the six months ended 30 June 2012 is as follows:

	For the six months ended 30 June 2012		
	Original stated *HK$'000*	Adjustments *HK$'000*	Restated *HK$'000*
Turnover	173,461	(117,391)	56,070
Revenue	152,397	(117,391)	35,006
Cost of sales	(93,453)	60,781	(32,672)
Gross profit	58,944	(56,610)	2,334
Other income, gain or loss	4,768	(142)	4,626
Selling and distribution expenses	(7,255)	170	(7,085)
Administrative expenses	(22,318)	7,137	(15,181)
Change in fair value of held for trading investments	3,181	-	3,181
Gain on disposals of held for trading investments	5,099	-	5,099
Loss on disposals of available-for-sale investments	(3,113)	-	(3,113)
Loss on disposals of convertible bonds designated as financial assets at fair value through profit or loss	(7,366)	-	(7,366)
Loss on partial disposal of an associate	(12,907)	-	(12,907)
Return on advances and charge over assets granted to an associate	174	-	174
Share of results of associates	(1,932)		(1,932)
Share of results of joint ventures	-	43,079	43,079
Finance costs	(18,027)	209	(17,818)
Loss before taxation	(752)	(6,157)	(6,909)
Taxation	(6,268)	6,157	(111)
Loss for the period	(7,020)	-	(7,020)

There had no impacts on the result and basic and diluted loss per share attributable to the owners of the Company and statement of other comprehensive income of the Group for the six months ended 30 June 2012 upon adopting equity accounting method under HKFRS 11.

Except as described above, the application of the other new or revised HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in the condensed consolidated financial statements.

3. TURNOVER

Turnover represents the amounts received and receivable from sales of polishing materials and equipment, net of allowances and returns, and gross proceeds from sales of held for trading investments and interest income during the period.

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited and restated)
	HK$'000	*HK$'000*
Sales of polishing materials and equipment	**37,238**	35,006
Gross proceeds from sales of held for trading investments	**3,917**	21,064
Interest income	**535**	-
	41,690	56,070

4. SEGMENTAL INFORMATION

Information reported to the Board, being the chief operating decision maker, for the purpose of resource allocation and performance assessment focuses on the nature of the operations of the Group.

The Group's operating and reportable segments are as follows:

Polishing materials and equipment	-	sales of polishing materials and equipment
Terminal and logistics services	-	loading and discharging services, storage services, and leasing of terminal facilities and equipment
Investment	-	investments in held for trading investments, convertible bonds, available-for-sale investments, derivative financial assets and associates

The analysis of the revenue and segment result of the Group by operating and reporting segments is as follows:

	Revenue		Segment result	
	Six months ended 30 June			
	2013	2012	**2013**	2012
	(Unaudited)	(Unaudited and restated)	**(Unaudited)**	(Unaudited) and restated)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Segments				
Polishing materials and equipment	**37,238**	35,006	**(6,569)**	(13,505)
Terminal and logistics services	**-**	-	**79,827**	34,989
Investment	**535**	-	**(1,189)**	(11,120)
	37,773	35,006	**72,069**	10,364
Unallocated corporate expenses			**(1,976)**	(1,342)
Unallocated other income, gain or loss			**1,242**	1,887
Unallocated finance costs			**(2,782)**	(17,818)
Profit (loss) before taxation			**68,553**	(6,909)

The analysis of the assets and liabilities of the Group by operating and reporting segments is as follows:

	Assets		Liabilities	
	30 June 2013 (Unaudited)	31 December 2012 (Restated)	**30 June 2013 (Unaudited)**	31 December 2012 (Restated)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Segments				
Polishing materials and equipment	**63,960**	70,593	**12,455**	13,526
Terminal and logistics services	**1,099,598**	616,244	**821**	988
Investment	**116,937**	177,100	**77,608**	50,748
Unallocated corporate items	**1,970**	1,286	**24,850**	152,853
	1,282,465	865,223	**115,734**	218,115

5. FINANCE COSTS

	Six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited and restated)
	HK$'000	*HK$'000*
Interest on bank overdrafts, bank borrowings and other loans wholly repayable within five years	**393**	1,581
Interest on margin loans	**23**	669
Effective interest expenses on promissory note wholly repayable within five years	**-**	3,670
Effective interest expenses on convertible bonds	**2,343**	11,870
Finance lease charges	**23**	28
	2,782	17,818

6. TAXATION

	Six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited and restated)
	HK$'000	*HK$'000*
The charge comprises:		
Current tax		
- Hong Kong	**-**	111

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for both periods.

7. PROFIT (LOSS) FOR THE PERIOD

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited and restated)
	HK$'000	*HK$'000*
Profit (loss) for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**930**	1,980
Cost of inventories recognised as expenses	**34,796**	32,672
Impairment loss on trade receivables	**1,053**	1,823
Interest income	**(730)**	(1,581)

8. DIVIDEND

The Board does not recommend payment of an interim dividend for the six months ended 30 June 2013 (six months ended 30 June 2012: Nil).

9. EARNINGS (LOSS) PER SHARE

The calculation of the earnings (loss) per share is based on the following data:

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit (loss) attributable to owners of the Company for the purpose of earning (loss) per share	**68,554**	(7,018)

	Number of shares	
	30 June 2013	30 June 2012
	(Unaudited)	(Unaudited)
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic earning (loss) per share	**11,642,678**	5,103,646
Weighted average number of ordinary shares for the purpose of dilutive earning (loss) per share	**11,642,678**	5,103,646

Diluted earning per share for the period ended 30 June 2013 is the same as the basic earning per share as there is no outstanding convertible bonds of the Company at 30 June 2013 and the computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise price of those options is higher than the average market price of the Company's shares for the period.

Diluted loss per share for the period ended 30 June 2012 was the same as the basic loss per share. The computation of diluted loss per share for the six month ended 30 June 2012 did not assume the conclusion of the Company's outstanding convertible bonds and the exercise of the Company's share options since their exercise would result in a reduction in loss per share.

10. TRADE AND BILLS RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

The Group has a policy of allowing average credit period of 0 to 180 days to its trade receivables. In addition, for certain customers with long-established relationship and good past repayment histories, a longer credit period may be granted.

The aged analysis of the trade receivables of HK$27,670,000 (31 December 2012: HK$35,151,000) which are included in the Group's trade and bills receivables, other receivables, deposits and prepayments is as follows:

	30 June 2013 (Unaudited) ***HK$'000***	31 December 2012 (Restated) *HK$'000*
Within 30 days	**8,560**	17,945
31 to 60 days	**7,215**	11,006
61 to 90 days	**8,773**	3,864
Over 90 days	**3,122**	2,336
	27,670	35,151
Other receivables, deposits and prepayments	**6,751**	44,461
	34,421	79,612

11. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

The aged analysis of the trade payables of HK$5,719,000 (31 December 2012: HK$8,553,000) which are included in the Group's trade payables, other payables and accruals is as follows:

	30 June 2013 (Unaudited) ***HK$'000***	31 December 2012 (Restated) *HK$'000*
Within 30 days	**1,586**	1,658
31 to 60 days	**1,236**	3,585
61 to 90 days	**598**	1,980
Over 90 days	**2,299**	1,330
	5,719	8,553
Other payables and accruals	**31,913**	30,753
	37,632	39,306

12. CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2013 and 31 December 2012.

13. SHARE CAPITAL

	Number of shares of HK$0.01 each *'000*	Nominal value *HK$'000*
Authorised:		
At 1 January 2012 and 31 December 2012	15,000,000	150,000
Increased on 11 June 2013	25,000,000	250,000
At 30 June 2013	40,000,000	400,000
Issued and fully paid:		
At 1 January 2012	5,084,198	50,842
Issue of shares upon conversion of convertible bonds	4,320,000	43,200
At 31 December 2012	9,404,198	94,042
Issue of shares upon placing of shares	1,000,000	10,000
Issue of shares upon conversion of convertible bonds	1,515,000	15,150
At 30 June 2013	**11,919,198**	**119,192**

14. PLEDGE OF ASSETS

At 30 June 2013, the Group had no assets pledged.

At 31 December 2012, the Group's listed securities held under the margin accounts with a total market value of approximately HK$3,200,000 have been pledged to financial institutions to secure the credit facilities granted to the Group.

15. OPERATING LEASE COMMITMENTS

The Group as lessor

The Group has contracted with tenants to sub-lease a leased premise for future minimum lease payments as follows:

	30 June 2013 (Unaudited) ***HK$'000***	31 December 2012 (Restated) *HK$'000*
Within one year	**1,089**	1,519
In the second to fifth years inclusive	**-**	330
	1,089	1,849

The Group as lessee

The Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of office premises which fall due as follows:

	30 June 2013 (Unaudited) ***HK$'000***	31 December 2012 (Restated) *HK$'000*
Within one year	**895**	152

16. CAPITAL COMMITMENTS

At 30 June 2013, the Group had commitments for capital expenditure of approximately HK$808,000 (31 December 2012: HK$Nil) in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Financial Performance

The Group's turnover for the six months ended 30 June 2013 decreased by 25.6% to approximately HK$41.7 million as compared with the corresponding period in 2012. The decrease in turnover was mainly due to decrease in turnover from investment segment. Segmental revenue of polishing materials and equipment segment increased by 6.4% to approximately HK$37.2 million for the six months ended 30 June 2013, as compared with the same period last year. The increase in the revenue of polishing materials and equipment division was mainly due to improvement of sales in the PRC.

Rizhao Lanshan Wansheng Harbour Company Limited ("Rizhao Lanshan") is engaged in provision of terminal and logistics services including loading and discharging, storage and transfer of iron ore, steel products, timber and other goods and leasing of terminal facilities and equipment in Lanshan Harbour, Rizhao Port, Shandong Province of the PRC. Segment profit of the terminal and logistics services for the period amounted to approximately HK$79.8 million. Segment losses of the polishing materials and equipment and investment amounted to approximately HK$6.6 million and HK$1.2 million respectively for the period.

Profit for the six months ended 30 June 2013 attributable to the owners of the Company was approximately HK$68.6 million (six months ended 30 June 2012: loss of HK$7.0 million), profit for the six months ended 30 June 2013 was recorded mainly because there were increase in share of results of joint ventures, and decreases in finance costs and loss on partial disposal of an associate. The increase in share of results of joint ventures is mainly due to increase in profit of Rizhao Lanshan, as a result of the commencement of operation of its two new berths with total capacity of 140,000-tonne since October 2012.

Liquidity and Financial Resources

As at 30 June 2013, the Group had interest-bearing bank borrowings and other loans of approximately HK$8.7 million (31 December 2012: HK$11.8 million), which were to mature within five years. The Directors expect that all the bank borrowings and other loans will be repaid by internally generated funds or rolled over upon maturity and will continue to provide funding to the Group's operations.

As at 30 June 2013, current assets of the Group amounted to approximately HK$506.9 million (31 December 2012: HK$113.9 million). The Group's current ratio (measured as total current assets to total current liabilities) was approximately 4.38 times as at 30 June 2013 as compared with 0.52 time as at 31 December 2012. At 30 June 2013, the Group had total assets of approximately HK$1,282.5 million (31 December 2012: HK$865.2 million) and total liabilities of approximately HK$115.7 million (31 December 2012: HK$218.1 million), representing a gearing ratio (measured as total liabilities to total assets) of 9.0% as at 30 June 2013 as compared with 25.2% as at 31 December 2012.

Litigations

Save as the Company's announcements dated 12 June 2012 and 8 August 2013, the Group has no material litigation.

Foreign Exchange Exposures

The Group's purchases and sales are mainly denominated in United States dollars, Hong Kong dollars and Renminbi. The operating expenses of the Group are either in Hong Kong dollars or Renminbi. The Group's treasury policy is in place to monitor and manage its exposure to fluctuation in exchange rates.

Outlook

The management is cautious of the outlook of the polishing materials and equipment business. The Group will continue to enforce cost-saving measures, concentrate on selling products with high profit margin, expand its distribution network and develop new products in order to improve the profitability of this business segment.

The Group will also keep on evaluating and restructuring its investment portfolio and strategies in order to improve the performance of the investment segment.

Stable operations of the terminal and logistics services segment are expected in the second half of 2013. In order to maintain our traditional position and customer strength, we will perfect construction of terminal facilities and equipment at a reasonable pace in accordance with the situation of the industry and neighboring port markets, to improve the availability of the two 70,000-tonne berths which had commenced production since late 2012, with a view to ensuring a stable growth in profit of the segment.

The Board and the Group's management will continue to use their best endeavour to strengthen and strive for improvements in all the Group's business segments and to enhance the long-term growth potential of the Group.

Employees and Remuneration

As at 30 June 2013, the Group had approximately 40 employees. The employees are remunerated with basic salary, bonus and other benefits in kind with reference to industry practice and their individual performance. The Company also operates a share option scheme of which the Board may, at its discretion, grant options to employees of the Group.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2013.

CORPORATE GOVERNANCE

The Board considers that good corporate governance of the Company is crucial to safeguarding the interests of the shareholders and enhancing the performance of the Group. The Board is committed to maintaining and ensuring high standards of corporate governance. The Company has applied the principles and complied with all the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules for the six months ended 30 June 2013, except for the following deviation:

1. *Code Provision A.6.7*

Certain independent non-executive directors of the Company were not able to attend the annual general meeting of the Company held on 11 June 2013 due to their other important commitments.

2. Code Provision B.1.2

The terms of reference of the Remuneration Committee exclude review of and making recommendations to the Board in relation to senior management remuneration as in the Board's opinion, it was more appropriate for the executive Directors to perform these duties.

3. Code Provision E.1.2

The Chairman of the Board was unable to attend the annual general meeting of the Company held on 11 June 2013 due to his other important commitment.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules as its code of conduct for dealings in securities of the Company by the Directors. Following a specific enquiry, all Directors confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2013.

AUDIT COMMITTEE REVIEW

The Company has established an Audit Committee, which consists of three independent non-executive Directors of the Company, namely Mr. Ho Hin Yip, Mr. Lam Kwok Hing Wilfred and Mr. Goh Choo Hwee.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements for the six months ended 30 June 2013.

BOARD OF DIRECTORS

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. Lam Kwok Hing Wilfred, Mr. Goh Choo Hwee, Mr. Ho Hin Yip and Mr. U Keng Tin as independent non-executive Directors.

On behalf of the Board
PME Group Limited
Wong Lik Ping
Chairman

Hong Kong, 29 August 2013

* *For identification purpose only*