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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)

## **CAPITAL INCREASE AGREEMENT OF A JOINT VENTURE**

### **CAPITAL INCREASE AGREEMENT**

The Board is pleased to announce that on 17 January 2014, Upmove, an indirect wholly-owned subsidiary of the Company, entered into the Capital Increase Agreement with the JV Partner, pursuant to which each of Upmove and the JV Partner has agreed to make the Capital Increase in an amount of RMB50 million each to the JV Company to increase the JV Company's registered capital from RMB330 million to RMB430 million. The amounts of the Capital Increase will be used for the terminal construction and general working capital of the JV Company.

As at the date of this announcement, the JV Company is held as to 50% each by Upmove and the JV Partner. The amounts to be contributed by Upmove and the JV Partner in the Capital Increase are based on their respective equity holdings in the JV Company. Upon completion of the Capital Increase, their respective equity holdings in the JV Company will remain the same, and the JV Company will remain accounted for as a joint venture of the Group.

### **CAPITAL INCREASE AGREEMENT**

**DATE :** 17 January 2014

**PARTIES :**

- (1) Upmove
- (2) JV Partner

As at the date of this announcement, the JV Company is held as to 50% each by Upmove and the JV Partner. The JV Company is a joint venture of the Group. Except for the above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the JV Partner, the JV Company and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

## **CAPITAL INCREASE**

Pursuant to the Capital Increase Agreement, each of Upmove and the JV Partner has agreed to make the Capital Increase in an amount of RMB50 million each to the JV Company to increase the JV Company's registered capital from RMB330 million to RMB430 million. The amounts of the Capital Increase will be used for the terminal construction and general working capital of the JV Company.

The amounts to be contributed by Upmove and the JV Partner in the Capital Increase are based on their respective equity holdings in the JV Company, and are determined based on the funding requirements of the JV Company. Upon completion of the Capital Increase, their respective equity holdings in the JV Company will remain the same, and the JV Company will remain accounted for as a joint venture of the Group.

The Group will satisfy the Capital Increase of RMB50 million from its internal resources. There is no any other capital commitment to be borne by the Group under the Capital Increase Agreement.

## **PAYMENT AND RELEVANT PROCEDURES**

Upmove and the JV Partner agreed that within 30 business days from signing of the Capital Increase Agreement and being obtained the approval from the foreign exchange department(s), the Capital Increase will be satisfied in cash by each party.

The Capital Increase is subject to fulfillment of various procedures, including, among others, all necessary submissions and/or filing procedures to relevant authorities in respect of business registration of the JV Company.

## **REASONS FOR AND BENEFIT OF THE CAPITAL INCREASE**

In view of the stable business environment and good prospects of the JV Company's business, Upmove and the JV Partner consider that more resources should be allocated to the JV Company.

Since October 2012, two new berths of the JV Company with total capacity of 140,000 tonnes have commenced operation, and more funding is required for the JV Company for its terminal construction and general working capital. The Capital Increase will provide funding support to the JV Company in this respect, and reduce the debt financing needs of the JV Company.

## **INFORMATION OF THE PARTIES**

The JV Company is principally 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.

The Group is principally engaged in production and sale of polishing materials and equipment and investment, and holding 50% equity interests in the JV Company.

The JV Partner is principally engaged in provision of services of loading and discharging, storage and transfer of coal, ores and cement through port infrastructure and equipment.

## DEFINITIONS

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

“Board”	the board of Directors
“Capital Increase”	the capital increase in the JV Company by Upmove and the JV Partner in an amount of RMB50,000,000 each as contemplated under the Capital Increase Agreement
“Capital Increase Agreement”	the capital increase agreement entered into between Upmove and the JV Partner on 17 January 2014
“Company”	PME Group Limited (Stock Code: 379), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to in the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JV Company”	日照嵐山萬盛港業有限責任公司 (Rizhao Lanshan Wansheng Harbour Company Limited), a joint venture established in the PRC owned as to 50% by Upmove and 50% by the JV Partner
“JV Partner”	日照港股份有限公司 (Rizhao Port Company Limited), a stock company incorporated in the PRC and the shares of which are listed on the stock exchange in Shanghai (stock code: 600017) and holds 50% equity interest in the JV Company as at the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excludes Hong Kong, Taiwan and Macau Special Administrative Region
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Upmove”	Upmove International Limited, an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

By Order of the Board  
**PME Group Limited**  
**Wong Lik Ping**  
*Chairman*

Hong Kong, 20 January 2014

*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, Mr. Shi Chong and Mr. Feng Gang 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.*

*\* For identification purpose only*