PME GROUP LIMITED
必美宜集團有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 379)

2013 ANNUAL RESULTS ANNOUNCEMENT

The Board of Directors (the "Board") of PME Group Limited (the "Company") announces the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2013 and the comparative figures for last year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 HK$'000	2012 HK$'000 (*Restated*)
Turnover	4	**84,214**	105,367
Revenue	5	**80,297**	79,740
Cost of sales		**(83,634)**	(80,872)
Gross loss		**(3,337)**	(1,132)
Other income	6	**5,489**	4,964
Selling and distribution expenses		**(4,316)**	(5,320)
Administrative expenses		**(53,949)**	(35,564)
Gain on disposal of subsidiaries		**1,760**	6,678
Loss on partial disposal of an associate		**-**	(12,742)
Loss on disposal of an associate		**-**	(10,898)
Loss on disposal of available-for-sale investments		**-**	(3,106)
Gain on disposal of held for trading investments		**754**	9,514
Change in fair value of convertible bonds designated as financial assets at fair value through profit or loss		**2,529**	(7,366)
Decrease in fair value of held for trading investments		**-**	(177)
Share of result of an associate		**(2,233)**	(7,114)
Share of result of joint ventures		**175,251**	97,983
Finance costs	7	**(2,022)**	(29,420)
Profit before taxation		**119,926**	6,300
Taxation	8	**(11,419)**	(8,728)
Profit (loss) for the year	9	**108,507**	(2,428)

	Note	**2013** ***HK$'000***	2012 *HK$'000* (*Restated*)
Attributable to:			
Owners of the Company		**108,507**	(2,426)
Non-controlling interests		**-**	(2)
		108,507	(2,428)
Earnings (loss) per share	11	***HK cents***	*HK cents*
Basic		**0.92**	(0.04)
Diluted		**0.92**	(0.04)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

	2013	2012
	HK$'000	*HK$'000*
		(*Restated*)
Profit (loss) for the year	**108,507**	(2,428)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation	**(175)**	985
Share of other comprehensive income of an associate	**1,524**	399
Share of other comprehensive income of joint ventures	**18,488**	10,475
Transfer of investment revaluation reserve to profit or loss upon realisation of available-for-sale investments during the year	**-**	33
Transfer of investment revaluation reserve to profit or loss upon disposal of an associate during the year	**-**	(175)
Other comprehensive income for the year (net of tax)	**19,837**	11,717
Total comprehensive income for the year	**128,344**	9,289
Total comprehensive income (expenses) attributable to:		
Owners of the Company	**128,344**	9,291
Non-controlling interests	**-**	(2)
	128,344	9,289

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Notes	**31.12.2013** *HK$'000*	31.12.2012 *HK$'000*	1.1.2012 *HK$'000*
			(Restated)	*(Restated)*
Non-current assets				
Plant and equipment		**1,674**	4,875	12,533
Investment property		**-**	-	5,200
Available-for-sale investments		**2,500**	2,500	41,038
Goodwill		**-**	-	-
Interests in associates		**76,269**	76,844	155,616
Interest in joint ventures		**812,619**	676,075	476,936
Club debentures		**350**	350	350
		893,412	760,644	691,673
Current assets				
Inventories		**4,585**	18,394	22,399
Trade receivables, other receivables, deposits and prepayments	12	**41,489**	79,612	36,624
Convertible bonds designated as financial assets at fair value through profit or loss		**34,529**	-	45,179
Amounts due from associates		**-**	-	19,791
Amount due from a joint venture		**317**	294	35
Loan receivables		**-**	-	21,351
Held for trading investments		**-**	3,163	10,010
Deposits placed with financial institutions		**115**	126	173
Bank balances and cash		**394,069**	12,311	8,552
		475,104	113,900	164,114
Current liabilities				
Trade and other payables and accruals	13	**45,731**	38,886	27,864
Amount due to an associate		**32,000**	34,900	-
Taxation payable		**37,391**	37,303	37,263
Obligations under finance leases		**542**	393	523
Other loans		**8,700**	11,803	18,522
Convertible bonds		**-**	94,410	-
		124,364	217,695	84,172
Net current assets (liabilities)		**350,740**	(103,795)	79,942
Total assets less current liabilities		**1,244,152**	656,849	771,615

	Note	**31.12.2013**	31.12.2012	1.1.2012
		HK$'000	*HK$'000*	*HK$'000*
			(Restated)	*(Restated)*
Capital and reserves				
Share capital	14	**119,192**	94,042	50,842
Reserves		**1,105,055**	552,221	467,447
Equity attributable to owners of the Company		**1,224,247**	646,263	518,289
Non-controlling interests		**845**	845	975
Total equity		**1,225,092**	647,108	519,264
Non-current liabilities				
Obligations under finance leases		**749**	-	392
Convertible bonds		**-**	-	194,301
Promissory note		**-**	-	55,243
Deferred tax liabilities		**18,311**	9,741	2,415
		19,060	9,741	252,351
		1,244,152	656,849	771,615

Notes :

1. General

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKAS") and Interpretations ("Int") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosures required by the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

Other than the joint ventures established in the People's Republic of China ("PRC") whose functional currency is Renminbi ("RMB"), the functional currency of the Company and its subsidiaries is Hong Kong dollars ("HK$"). The consolidated financial statements are presented in HK$.

2. Restatements of prior year figures

Restatements of the consolidated financial statements for the year ended 31 December 2012.

Before 1 January 2013, the Group's interests in its joint ventures were proportionately consolidated. HKFRS 11 "Joint Arrangements", which is effective for annual period begun on 1 January 2013, 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 joint ventures 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 joint ventures for applying equity accounting.

Summary of the effect of restatements to prior year figures on the consolidated statement of financial position as at 1 January 2012 and 31 December 2012:

	As at 1.1.2012 (originally stated)	Adjustments	As at 1.1.2012 (restated)	As at 31.12.2012 (originally stated)	Adjustments	As at 31.12.2012 (restated)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets						
Plant and equipment	461,521	(448,988)	12,533	684,988	(680,113)	4,875
Investment property	5,200	-	5,200	-	-	-
Prepaid lease payments	18,624	(18,624)	-	18,552	(18,552)	-
Available-for-sale investments	41,038	-	41,038	2,500	-	2,500
Goodwill	39,949	(39,949)	-	39,949	(39,949)	-
Sea use rights	111,452	(111,452)	-	111,068	(111,068)	-
Interests in associates	155,616	-	155,616	76,844	-	76,844
Interests in joint ventures	-	476,936	476,936	-`	676,075	676,075
Deposits for acquisition of plant and equipment	-	-	-	1,821	(1,821)	-
Club debentures	350	-	350	350	-	350
	833,750	(142,077)	691,673	936,072	(175,428)	760,644
Current assets						
Inventories	25,509	(3,110)	22,399	22,642	(4,248)	18,394
Trade receivables, other receivables, deposits and prepayments	92,721	(56,097)	36,624	182,343	(102,731)	79,612
Convertible bonds designated as financial assets at fair value through profit or loss	45,179	-	45,179	-	-	-
Amounts due from associates	19,791	-	19,791	-	-	-
Amount due from a joint venture	-	35	35	-	294	294
Loan receivables	21,351	-	21,351	-	-	-
Prepaid lease payments	414	(414)	-	422	(422)	-
Held for trading investments	10,010	-	10,010	3,163	-	3,163
Deposits placed with financial institutions	173	-	173	126	-	126
Pledged bank deposit	63,046	(63,046)	-	-	-	-
Bank balances and cash	149,024	(140,472)	8,552	127,599	(115,288)	12,311
	427,218	(263,104)	164,114	336,295	(222,395)	113,900

	As at 1.1.2012 (originally stated)	Adjustments	As at 1.1.2012 (restated)	As at 31.12.2012 (originally stated)	Adjustments	As at 31.12.2012 (restated)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Current liabilities						
Trade and other payables and accruals	167,564	(139,700)	27,864	132,949	(94,063)	38,886
Amount due to an associate	-	-	-	34,900	-	34,900
Taxation payable	41,599	(4,336)	37,263	42,786	(5,483)	37,303
Obligations under finance leases	568	(45)	523	18,212	(17,819)	393
Bank and other loans	91,908	(73,386)	18,522	20,363	(8,560)	11,803
Amount due to a fellow subsidiary of a partner of a jointly controlled entity	-	-	-	74,760	(74,760)	-
Convertible bonds	-	-	-	94,410	-	94,410
	301,639	(217,467)	84,172	418,380	(200,685)	217,695
Net current assets (liabilities)	125,579	(45,637)	79,942	(82,085)	(21,710)	(103,795)
Total assets less current liabilities	959,329	(187,714)	771,615	853,987	(197,138)	656,849
Capital and reserves						
Share capital	50,842	-	50,842	94,042	-	94,042
Reserves	467,447	-	467,447	552,221	-	552,221
Equity attributable to owners of the Company	518,289	-	518,289	646,263	-	646,263
Non-controlling interests	975	-	975	845	-	845
Total equity	519,264	-	519,264	647,108	-	647,108
Non-current liabilities						
Obligations under finance leases	392	-	392	76,414	(76,414)	-
Bank and other loans	10,633	(10,633)	-	95,722	(95,722)	-
Port construction fee refund	151,793	(151,793)	-	-	-	-
Convertible bonds	194,301	-	194,301	-	-	-
Promissory note	55,243	-	55,243	-	-	-
Deferred tax liabilities	27,703	(25,288)	2,415	34,743	(25,002)	9,741
	440,065	(187,714)	252,351	206,879	(197,138)	9,741
	959,329	(187,714)	771,615	853,987	(197,138)	656,849

Summary of the effect of restatements to prior year figures on consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2012:

	For the year ended 31 December 2012		
	Originally stated *HK$'000*	Adjustments *HK$'000*	Restated *HK$'000*
Turnover	406,288	(300,921)	105,367
Revenue	380,661	(300,921)	79,740
Cost of sales	(242,292)	161,420	(80,872)
Gross profit (loss)	138,369	(139,501)	(1,132)
Other income	7,199	(2,235)	4,964
Selling and distribution expenses	(5,675)	355	(5,320)
Administrative expenses	(61,294)	25,730	(35,564)
Gain on disposal of subsidiaries	6,678	-	6,678
Loss on partial disposal of an associate	(12,742)	-	(12,742)
Loss on disposal of an associate	(10,898)	-	(10,898)
Loss on disposal of available-for-sale investments	(3,106)	-	(3,106)
Gain on disposal of held for trading investments	9,514	-	9,514
Change in fair value of convertible bonds designated as financial assets at fair value through profit or loss	(7,366)	-	(7,366)
Decrease in fair value of held for trading investments	(177)	-	(177)
Share of results of an associate	(7,114)	-	(7,114)
Share of results of joint ventures	-	97,983	97,983
Finance costs	(32,834)	3,414	(29,420)
Profit before taxation	20,554	(14,254)	6,300
Taxation	(22,982)	14,254	(8,728)
Loss for the year	(2,428)	-	(2,428)

	For the year ended 31 December 2012		
	Originally stated	Adjustments	Restated
	HK$'000	*HK$'000*	*HK$'000*
Loss for the year	(2,428)	-	(2,428)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation	11,460	(10,475)	985
Share of other comprehensive income of an associate	399	-	399
Share of other comprehensive income of joint ventures	-	10,475	10,475
Transfer of investment revaluation reserve to profit or loss upon realisation of available-for-sale investments during the year	33	-	33
Transfer of investment revaluation reserve to profit or loss upon disposal of an associate during the year	(175)	-	(175)
Other comprehensive income for the year (net of tax)	11,717	-	11,717
Total comprehensive income for the year	9,289	-	9,289
Total comprehensive income (expenses) attributable to:			
Owners of the Company	9,291	-	9,291
Non-controlling interests	(2)	-	(2)
	9,289	-	9,289

3. Application of new and revised HKFRSs

In the current year, the Group has applied the following new and revised HKFRSs, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK (IFRIC) * –Int 20	Stripping Costs in the Production Phase of a Surface Mine

* IFRIC represents the International Financial Reporting Interpretation Committee.

Except as described below, the application of the new and revised HKFRSs in current year has had no material impact on the Group's financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a "statement of comprehensive income" is renamed as a "statement of profit or loss and other comprehensive income" and an "income statement" is renamed as a "statement of profit or loss". The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Amendments to HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to HKFRS 7 for the first time in the current year. The amendments to HKFRS 7 require entities to disclose information about recognised financial instruments that are set off in accordance with HKAS 32 Financial Instruments: Presentation and recognised financial instruments that are subject to an enforceable master netting agreement or similar agreement, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The amendments to HKFRS 7 have been applied retrospectively. As the Group does not have any offsetting arrangements or any master netting agreements in place, the application of the amendments has had no material impact on the disclosures or on the amounts recognised in the consolidated financial statements.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (revised 2011) and HKAS 28 (revised 2011) together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding the transitional guidance. HKAS 27 (revised 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact on the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK (SIC)-Int 12 Consolidation – Special Purpose Entities. HKFRS 10 changes the definition of control such that an investor controls an investee if and only if has (a) power over an investee, (b) exposed, or rights, to variable returns from its involvement with the investee and (c) the ability to use its power over the investee to affect the amount of the investor's returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

As a result of the initial application of HKFRS 10, the directors of the Company made an assessment whether the Group has control over its investees at the date of initial application and concluded that the application of HKFRS 10 does not result in any change in control conclusion.

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures, and the guidance contained in a related interpretation, HK(SIC) - Int13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers, has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangements (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

The directors of the Company reviewed and assessed the classification of the Group's investments in joint arrangements in accordance with the requirements of HKFRS 11. The directors concluded that the Group's investments in Shanghai PME-XINHUA Polishing Materials Systems ("Shanghai PME-XINHUA") and Rizhao Lanshan Wansheng Harbour Company Limited ("Rizhao Lanshan"), which were classified as jointly controlled entities under HKAS 31 and was accounted for using the proportionate consolidation method, should be classified as joint ventures under HKFRS 11 and accounted for using the equity method.

The change in accounting of the Group's investments in Shanghai PME-XINHUA and Rizhao Lanshan has been applied in accordance with the relevant transitional provisions set out in HKFRS 11. The initial investment as at 1 January 2012 for the purposes of applying the equity method is measured as the aggregate of the carrying amounts of the assets and liabilities that the Group had previously proportionately consolidated (see the tables in note 2 for details). Also, the directors of the Company performed an impairment assessment on the initial investment as at 1 January 2012 and concluded that no impairment loss is required. Comparative amounts for 2012 have been restated to reflect the change in accounting for the Group's investments in Shanghai PME-XINHUA and Rizhao Lanshan.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangement and associates. In general, the application of HKFRS12 has resulted in more extensive disclosures in the consolidated financial statements.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply 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, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are within the scope of HKAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market between market participants 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.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
HKFRS 9	Financial Instruments[3]
HKFRS 14	Regulatory Deferral Accounts[4]
Amendments to HKAS 19	Defined Benefit Plans - Employee Contributions[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC) – Int 21	Levies[1]

[1] Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.
[2] Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.
[3] HKFRS 9, as amended in December 2013, amended the mandatory effective date of HKFRS 9. The mandatory effective date is not specified in HKFRS 9 but will be determined when the outstanding phases are finalised. However, application of HKFRS 9 is permitted.
[4] Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

Annual Improvements to HKFRSs 2010-2012 Cycle

The Annual Improvements to HKFRSs 2010-2012 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HAKS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors of the Company do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2010-2012 Cycle will have a material effect on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2011-2013 Cycle

The Annual Improvements to HKFRSs 2011-2013 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and
(b) the transaction meets the definition of a business combination under HKFRS 3.

The directors of the Company do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2011-2013 Cycle will have a material effect on the Group's consolidated financial statements.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- HKFRS 9 introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

The effective date of HKFRS 9 is not yet determined. However, earlier application is permitted.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities (e.g. the Group's investment in unlisted equity securities classified as available-for-sale investment may have to be measured at fair value at the end of subsequent reporting periods, with changes in fair value being recognised in profit or loss.)

Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKAS 32 are effective for annual periods beginning on or after 1 January 2014 with early application permitted and require retrospective application.

The directors of the Company anticipate that the application of the amendments to HKAS 32 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related cash-generating unit. Furthermore, the amendments to HKAS 36 require disclosures on additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. If the recoverable amount is fair value less costs of disposal, an entity shall disclose the level of the fair value hierarchy within which the fair value measurement of the asset or cash generating unit is catergorised in its entirety. The Group is required to make additional disclosures for Level 2 and Level 3 of the fair value hierarchy:

- a description of the valuation techniques used to measure the fair value less costs of disposals. If there is any change in valuation techniques, the fact and the reason should also be disclosed;
- each key assumption on which management has based its determination of fair value less costs of disposal; and
- the discount rates used in the current and previous measurement if fair value less costs of disposal is measured using a present value technique.

The amendments to HKAS 36 are effective for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided HKFRS 13 is also applied, and require retrospectively application.

The directors of the Company anticipate that the application of the amendments to HKAS 36 may result in additional disclosures being made with regard to the impairment assessment on non-financial assets.

HK(IFRIC) – Int 21 Levies

HK(IFRIC) – Int 21 provides guidance on when to recognise a liability for a levy imposed by a government for levies that are accounted for in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets and levies where the timing and amount is certain. Under HK(IFRIC) – Int 21, a liability is recognised for a levy when the activity that triggers payment as identified by the relevant legislation occurs. HK(IFRIC) – Int 21 excludes income tax within the scope of HKAS 12 Income Taxes, fines and other penalties.

HK(IFRIC) – Int 21 is effective for annual periods beginning on or after 1 January 2014 with earlier application permitted and require retrospective application. In the opinion of the directors of the Company, the application of HK(IFRIC) – Int 21 will not have material impact on the Group's consolidated financial statements.

The directors of the Company anticipate that the application of other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

4. Turnover

Turnover represents the amounts received and receivable from sale of polishing materials and equipment; and gross proceeds from sales of held for trading investments during the year. An analysis of the Group's turnover for the year is as follows:

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Sales of polishing materials and equipment	**80,297**	79,740
Gross proceeds from sales of held for trading investments	**3,917**	25,627
	84,214	105,367

5. Segment information

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

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

Polishing materials and equipment	–	sale 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 and associates

Information regarding the above segments is reported below.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment:

	Revenue		**Segment result**	
	For the year ended 31 December			
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		*(Restated)*
Revenue				
Polishing materials and equipment	**80,297**	79,740	**(19,338)**	(22,627)
Terminal and logistics services	**-**	-	**174,528**	96,756
Investment	**-**	-	**(16,162)**	(18,956)
	80,297	79,740	**139,028**	55,173
Unallocated corporate expenses			**(23,333)**	(29,462)
Unallocated other income and gain			**6,179**	9,854
Unallocated finance costs			**(1,948)**	(29,265)
Profit before taxation			**119,926**	6,300

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit (loss) from each segment without allocation of certain other income, central administration costs, directors' salaries and certain finance costs. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and performance assessment.

The Group's polishing materials and equipment division is mainly located in Hong Kong (country of domicile) and the PRC. Terminal and logistics services division is located in the PRC. Investment division is located in Hong Kong.

The following table provides an analysis of the Group's revenue by geographical market, irrespective of the origin of customers:

	Revenue	
	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Hong Kong	**35,331**	37,096
The PRC	**31,316**	30,138
Other Asian regions	**6,744**	6,154
North America and Europe	**986**	1,236
Other countries	**5,920**	5,116
	80,297	79,740

6. Other income

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Interest income from banks and financial institutions	**1,817**	11
Interest income from loan receivables	**-**	687
Interest income from amount due from an associate	**-**	1,101
Interest income from convertible bonds designated as financial assets at fair value through profit or loss	**1,070**	-
Net foreign exchange gains	**505**	124
Rental income	**1,842**	1,509
Gain on disposal of a club membership	**-**	840
Sundry income	**255**	692
	5,489	4,964

7. Finance costs

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Interests on other loans wholly repayable within five years	**852**	1,334
Finance lease charges	**64**	30
Interest on margin loans	**10**	125
Effective interest expenses on convertible bonds	**1,096**	20,592
Effective interest expenses on promissory note wholly repayable within five years	**-**	7,339
Total borrowing costs	**2,022**	29,420

8. Taxation

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
The charge comprises:		
Current taxation		
Hong Kong Profits Tax	**38**	80
PRC Enterprise Income Tax	**100**	-
Withholding tax for dividend from PRC joint ventures	**2,711**	1,322
	2,849	1,402
Deferred taxation	**8,570**	7,326
	11,419	8,728

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

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% for both years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

9. Profit (loss) for the year

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Profit (loss) for the year has been arrived at after charging (crediting):		
Staff costs, including directors' emoluments	**19,148**	11,707
Contributions to retirement benefits schemes	**547**	381
	19,695	12,088
Depreciation of plant and equipment	**1,867**	3,866
Auditor's remuneration	**890**	1,050
Impairment loss on trade receivables	**1,707**	4,169
Reversal of allowance for inventories (included in cost of sales)	**(1,897)**	(749)
Share of tax of joint ventures	**16,739**	14,250
Share of tax of an associate	**155**	(64)
Allowance for inventories (included in cost of sales)	**365**	4,956
Written off of plant and equipment	**2,828**	3,740
Loss on disposal of plant and equipment	**-**	39
Cost of inventories recognised as expenses	**85,166**	76,665
Minimum lease payment in respect of rental premises	**2,021**	922

10. Dividend

No dividend was paid or proposed during the year ended 31 December 2013, nor has any dividend been proposed since the end of the reporting period (2012: Nil).

11. Earnings (loss) per share

The calculation of the basic and diluted earnings (loss) per share attributable to the owners of the Company is based on the following data:

	2013	2012
	HK$'000	*HK$'000*
Profit (loss)		
Profit (loss) for the year attributable to owners of the Company for the purposes of basic earnings (loss) per share	**108,507**	(2,426)

Number of shares	**2013**	2012
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**11,779,709**	6,557,640

	2013	2012
Basic earnings (loss) per share (in HK cents)	**0.92**	(0.04)
Diluted earnings (loss) per share (in HK cents)	**0.92**	(0.04)

Diluted earnings (2012: loss) per share is the same as the basic earnings (2012: loss) per share. The computation of diluted earnings (2012: loss) per share does not assume the conversion of the Company's outstanding convertible bonds since their exercise would result in an increase in earnings (2012: a decrease in loss) per share for 2013.

The computation of diluted earnings (loss) per share does not assume the exercise of the Company's options because the exercise price of those options was higher than the average market price per share for both 2013 and 2012.

12. Trade receivables, other receivables, deposits and prepayments

The aging analysis of the trade receivables, net of impairment loss presented based on the invoice date, which approximated the respective revenue recognition dates at the end of the reporting period is as follows.

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Within 30 days	**25,868**	17,945
31 to 60 days	**9,662**	11,005
61 to 90 days	**241**	3,864
Over 90 days	**165**	2,336
	35,936	35,150
Other receivables from investing transactions	**2,733**	42,875
Other receivables, deposits and prepayments	**2,820**	1,587
	41,489	79,612

13. Trade and other payables and accruals

The aged analysis of the trade payables presented based on the invoice dates at the end of the reporting period is as follows:

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Within 30 days	**2,863**	1,658
31 to 60 days	**3,763**	3,585
61 to 90 days	**-**	1,980
Over 90 days	**12**	1,330
	6,638	8,553
Other payables and accruals	**39,093**	30,333
	45,731	38,886

14. Share capital

	Number of ordinary shares of HK$0.01 each		Share capital	
	2013	2012	**2013**	2012
	'000	*'000*	***HK$'000***	*HK$'000*
Authorised:				
At 1 January 2012 and 31 December 2012	**15,000,000**	**15,000,000**	**150,000**	**150,000**
Increased on 11 June 2013	**25,000,000**	**25,000,000**	**250,000**	**250,000**
At 31 December 2013	**40,000,000**	**40,000,000**	**400,000**	**400,000**
Issued and fully paid:				
At beginning of year	**9,404,198**	**5,084,198**	**94,042**	**50,842**
Issue of shares upon conversion of convertible bonds (*Note i*)	**1,515,000**	**4,320,000**	**15,150**	**43,200**
Issue of shares upon placing of shares (*Note ii*)	**1,000,000**	**-**	**10,000**	**-**
At end of year	**11,919,198**	**9,404,198**	**119,192**	**94,042**

Notes:

(i) During the year ended 31 December 2013, the holders of the convertible bonds have exercised the conversion right to convert an aggregate principal amount of HK$95,600,000 of the convertible bonds into a total 1,515,000,000 ordinary shares.

During the year ended 31 December 2012, the holders of the convertible bonds have exercised the conversion right to convert an aggregate principal amount of HK$129,600,000 of the convertible bonds into a total 4,320,000,000 ordinary shares.

These shares rank pari passu with the existing shares in all respects.

(ii) The Company entered into the subscription agreements with the two subscribers 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.

15. Operating leases

The Group as lessor

Property rental income earned during the year was approximately HK$1,842,000 (2012: HK$1,509,000).

At 31 December 2013, the Group had contracted with tenants to sub-lease leased premises for future minimum lease payments as follows:

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Within one year	**1,189**	1,519
In the second to fifth year inclusive	**-**	330
	1,189	1,849

The Group as lessee

At 31 December 2013, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of office premises which fall due as follows:

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Within one year	**1,861**	152
In the second to fifth year inclusive	**1,093**	-
	2,954	152

Leases were negotiated for a term of two months to fifty-six months with fixed rentals over the term of the lease.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Financial Performance

The Group's turnover and revenue for the year ended 31 December 2013 decreased by 20.1% to approximately HK$84.2 million and increased by 0.7% to approximately HK$80.3 million respectively as compared with last year. Segmental revenue of polishing materials and equipment division increased slightly by 0.7% as compared with last year and there was no segmental revenue of other divisions.

Profit for the year ended 31 December 2013 attributable to the shareholders of the Company was approximately HK$108.5 million (2012: loss of HK$2.4 million). The Group recorded a substantial improvement in the annual results for the year ended 31 December 2013 as compared with last year because there were increase in share of results of joint ventures, decreases in finance costs, decrease in losses on disposal/partial disposal of associates, and decrease in fair value loss of convertible bonds designated as financial assets at fair value through profit or loss.

Segmental loss of the polishing materials and equipment division decreased from approximately HK$22.6 million in 2012 to HK$19.3 million in 2013. Segmental loss of the investment division decreased from approximately HK$19.0 million in 2012 to HK$16.2 million in 2013.

Segment profit of the terminal and logistics services division increased from HK$96.8 million in 2012 to HK$174.5 million in 2013. The increase was mainly due to the commencement of operation of its two new berths with total capacity of 140,000-tonne since October 2012.

Liquidity and Financial Resources

At 31 December 2013, the Group had interest-bearing other loan of approximately HK$8.7 million (31 December 2012: HK$11.8 million), which was of maturity within one year. The Board expects that the other loan will be repaid by internal resources upon its maturity.

At 31 December 2013, current assets of the Group amounted to approximately HK$475.1 million (31 December 2012: HK$113.9 million). The Group's current ratio was approximately 3.82 as at 31 December 2013 as compared with 0.52 as at 31 December 2012. At 31 December 2013, the Group had total assets of approximately HK$1,368.5 million (31 December 2012: HK$874.5 million) and total liabilities of approximately HK$143.4 million (31 December 2012: HK$227.4 million), representing a gearing ratio (measured as total liabilities to total assets) of 10.5% as at 31 December 2013 as compared with 26.0% as at 31 December 2012.

Charge of Assets

As at 31 December 2013, the Group did not have any pledge of assets.

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.

Significant Investments

At 31 December 2013, the Group held available-for-sale investments and interests in associates amounting to approximately HK$2.5 million and HK$76.3 million respectively. During the year, the Group recorded gain in fair value of convertible bonds designated as financial assets at fair value through profit or loss amounting to approximately HK$2.5 million and gain on disposal of held for trading investments amounting to approximately HK$0.8 million.

At 31 December 2012, the Group held available-for-sale investments, interests in associates and held for trading investments amounting to approximately HK$2.5 million, HK$76.8 million and HK$3.2 million respectively. During the year, the Group recorded loss on partial disposal of an associate amounting to approximately HK$12.7 million, loss on disposal of an associate amounting to approximately HK$10.9 million, loss in fair value of convertible bonds designated as financial assets at fair value through profit or loss amounting to approximately HK$7.4 million and gain on disposals of held for trading investments amounting to approximately HK$9.5 million.

Foreign Exchange Exposures

The Group's purchases and sales are mainly denominated in United States dollars, Hong Kong dollars and Renminbi. The investments are in Hong Kong dollars. 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.

Contingent Liabilities

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

Capital Commitments

The Group had no capital commitments as at 31 December 2013 and 2012.

Outlook

Facing with the slowdown in the economic growth in the PRC, weak corporate demand for bulk raw materials, and intense competition on peripheral terminals and logistics services, the major tasks of the terminal and logistics services division in 2014 include keeping on improving services quality, maintaining traditional position and customer strength, further enhancing the utilisation efficiency of existing terminal facilities, storage facilities and equipment, continuing to perfect construction of terminal facilities, soliciting new customers and supply, improving the management level and controlling production costs so as to strive for steady growth in port throughput and profits.

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.

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 31 December 2013, the Group had approximately 40 (2012: 30) employees (excluding employees of the Company's joint ventures) in Hong Kong and the PRC. 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 SHARES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the year.

CORPORATE GOVERNANCE PRACTICE

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 ("CG Code") as set out in Appendix 14 of the Listing Rules for the year ended 31 December 2013, except for the following deviations:

1. Code Provision A.6.7

Certain independent non-executive directors of the Company were unable 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.

MODEL 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 year ended 31 December 2013.

AUDIT COMMITTEE REVIEW

The Company has an audit committee which was established in accordance with the requirements of the CG Code, for the purposes of reviewing and providing supervision over the financial reporting process and internal controls of the Group. The audit committee comprises three independent non-executive directors of the Company. The Group's consolidated financial statements for the year ended 31 December 2013 have been reviewed and approved by the audit committee.

BROAD 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, 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.

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

Hong Kong, 28 March 2014

** For identification purpose only*