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**MEMORANDUM OF UNDERSTANDING  
IN RESPECT OF PROPOSED TRANSACTIONS  
AND  
RESUMPTION OF TRADING**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the inside information provisions under Part XIVA of the SFO.

**MEMORANDUM OF UNDERSTANDING**

The Board is pleased to announce that after the trading hours on Friday, 9 May 2014, the Company entered into the non-legally binding MOU with Sino Life and the Vendor. The MOU contains certain understandings and principles regarding (i) the Proposed Acquisition of the Sale Shares of the Target Company; and (ii) the Proposed Capital Injection of US\$40 million (equivalent to approximately HK\$312 million) to Beijing Ever Grand, an associate company of the Target Company, which approximately 41.67% of issued share capital indirectly owned by the Target Company, upon completion of the Proposed Acquisition. Upon completion of the Proposed Capital Injection, the Company shall be interested in approximately 75% of the issued share capital of Beijing Ever Grand. The Consideration will be payable by the Purchaser in cash partially from the Subscription to Sino Life. Upon completion of the Subscription, Sino Life will be the possible largest Shareholder of the Company. No payment is required to be made by the Company upon the signing of the MOU. If the Proposed Transactions materialise, it may constitute a very substantial acquisition and connected transaction of the Company under the Listing Rules.

**The Company wishes to emphasise that the Proposed Transactions are subject to, among other things, the signing of the Definitive Agreement, the terms and conditions of which are yet to be agreed. Shareholders and potential investors of the Company should note that the Proposed Transactions may or may not materialise and the final structure and terms of the Proposed Transactions, which are still subject to further negotiations between the parties, have yet to be finalised and may deviate from that set out in the MOU. Further announcement in respect of the Proposed Transactions will be made by the Company in the event when any Definitive Agreement has been signed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares and other securities of the Company.**

**RESUMPTION OF TRADING**

At the request of the Company, trading of the Shares was halted with effect from 9:00 a.m. on Wednesday, 7 May 2014 pending the publication of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on Monday, 12 May 2014.

This announcement is made by PME Group Limited (the “Company”) pursuant to Rule 13.09 of the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the “SFO”).

The board (the “Board”) of directors (the “Directors”) of the Company is pleased to announce that after the trading hours on Friday, 9 May 2014, the Company entered into a non-legally binding memorandum of understanding (the “MOU”) with Sino Life Insurance Co., Ltd. (“Sino Life”) and Mr. Wong Lik Ping (the “Vendor”). The MOU contains certain understandings and principles regarding (i) the proposed purchase by the Company and sale by the Vendor (the “Proposed Acquisition”) of the entire issued share capital (the “Sale Share”) of China Ever Grand Capital Group Limited (the “Target Company”); and (ii) a proposed capital injection (the “Proposed Capital Injection”) of US\$40 million (equivalent to approximately HK\$312 million) to Beijing Ever Grand International Financial Leasing Co., Ltd (“Beijing Ever Grand”), an associate company of the Target Company, which approximately 41.67% of issued share capital indirectly owned by the Target Company (altogether the “Proposed Transactions”). No payment is required to be made by the Company upon the signing of the MOU. If the Proposed Transactions materialise, it may constitute a very substantial acquisition and connected transaction of the Company under the Listing Rules.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor wholly-owns the Target Company, a company established in the British Virgin Islands (the “BVI”), which in turn is indirectly interested in approximately 41.67% of Beijing Ever Grand. The Vendor is also a substantial Shareholder (as defined in the Listing Rules), who is interested in approximately 27.90% of the issued share capital of the Company, the chairman and an executive director of the Company as at the date of this announcement. The Vendor is regarded as a connected person of the Company under Rule 14A.06 of the Listing Rules.

## **MEMORANDUM OF UNDERSTANDING**

The non-legally binding MOU contains, inter alia, the following major terms:

- Date:** 9 May 2014
- Parties:**
- (a) the Company, being the Purchaser
  - (b) Sino Life
  - (c) Mr. Wong Lik Ping, being the Vendor

### **The Proposed Transactions**

Pursuant to the MOU, the Company intends (i) to acquire and the Vendor intends to sell the Sale Shares; and (ii) to inject capital of US\$40 million (equivalent to approximately HK\$312 million) to Beijing Ever Grand, which is principally engaged in the business of finance leasing, upon completion of the Proposed Acquisition. Upon completion of the Proposed Capital Injection, the Company shall be interested in approximately 75% of the issued share capital of Beijing Ever Grand.

## **Consideration**

Total consideration of the Sale Shares and the amount of the Proposed Capital Injection payable by the Company shall be valued not more than HK\$562 million (the “Consideration”). The consideration for (i) the Sale Shares payable by the Company shall be valued not more than HK\$250 million; and (ii) the capital injection of US\$40 million (equivalent to approximately HK\$312 million), will be payable by the Purchaser in cash partially from the proceeds of issue of not more than two billion new shares of the Company (the “Subscription Shares”) to Sino Life. The Company intends to allot and issue such number of Subscription Shares to Sino Life at an issue price per Subscription Share of HK\$0.205 (the “Subscription”). As at the date of this announcement, Sino Life owned approximately 18.20% issued share capital of the Company which is regarded as a connected person of the Company under Rule 14A.06 of the Listing Rules. Upon completion of the Subscription, Sino Life will be the possible largest Shareholder of the Company. The number of Subscription Shares to be allotted and issued to Sino Life will be finalised in the formal sale and purchase agreement (the “Definitive Agreement”) which may or may not be entered into by the Company and the Vendor in relation to the Proposed Transactions.

The Directors consider that the Consideration is for indicative purpose only, which is subject to further due diligence and valuation of the business of the Target Company and their respective subsidiaries and associate companies (altogether the “Target Group”) by an independent valuer. The Consideration has yet to be finalised and may deviate from that set in the MOU.

## **Conditions precedent**

Completion of the Proposed Transactions shall be conditional, upon, *inter alia*, the following:

- Satisfactory due diligence on the Target Company by the Company;
- Signing of the Definitive Agreement within three months upon the date of the MOU;
- Approval by the regulatory bodies and the Independent Shareholders (as defined in the Listing Rules) and comply with all laws and regulations in Hong Kong, including but not limited to, the requirement of the Listing Rules and the Hong Kong Code on Takeovers and Mergers; and
- Approval by the Chinese government authorities in relation to the Proposed Transactions (if appropriate);

## **INFORMATION ABOUT THE TARGET GROUP AND REASONS FOR THE PROPOSED TRANSACTIONS**

The Group is principally engaged in manufacture and trading of polishing materials and equipment, trading of equity securities, investment in terminal and logistics services business and investment holding.

The Target Company is incorporated in the BVI on 25 March 2010 and wholly-owned by the Vendor, a substantial Shareholder, who is interested in approximately 27.90% of the issued share capital of the Company, the chairman and an executive director of the Company. The Target Group through Beijing Ever Grand, an associate company of the Target Company, which approximately 41.67% of issued share capital indirectly owned by the Target Company, is a sino-foreign company. Beijing Ever Grand is engaged in the business of finance leasing.

The Directors consider that the Proposed Transactions, if it materialises, represent a good opportunity for the Group to diversify its business and develop new revenue streams. The Directors are of the view that the entering into of the MOU is in the interests of the Company and Shareholders as a whole.

## **GENERAL**

**The Company wishes to emphasise that the Proposed Transactions are subject to, among other things, the signing of the Definitive Agreement, the terms and conditions of which are yet to be agreed. Shareholders and potential investors of the Company should note that the Proposed Transactions may or may not materialise and the final structure and terms of the Proposed Transactions, which are still subject to further negotiations between the parties, have yet to be finalised and may deviate from that set out in the MOU. Further announcement in respect of the Proposed Transactions will be made by the Company in the event when any Definitive Agreement has been signed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares and other securities of the Company.**

## **RESUMPTION OF TRADING**

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The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

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

Hong Kong, 9 May 2014

*As at the date of this announcement, the Board comprises (1) Mr. Wong Lik Ping and 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*