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**UPDATE ON THE PROGRESS OF THE
MEMORANDUM OF UNDERSTANDING
IN RESPECT OF PROPOSED TRANSACTIONS**

The Company wishes to update the shareholders of the Company on the progress of the Memorandum of Understanding in respect of the Proposed Transactions.

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.

Reference is made to the Company's announcement dated 9 May 2014 (the "**MOU Announcement**") regarding the entering into of the Memorandum of Understanding with Sino Life and the Vendor in relation to 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. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the MOU Announcement.

The Company wishes to announce that the MOU has already expired on 9 August 2014. Up to the date of this announcement, no further extension has been agreed between the Company, Sino Life and the Vendor. However, the Company is still in the process of discussing and negotiating the terms of the Proposed Transactions with the Vendor. It is also the current intention for the Board to fund the consideration by ways other than issuance of new Shares to Sino Life.

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 or the discussion of the Proposed Transactions is terminated. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares and other securities of the Company.

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

Hong Kong, 12 August 2014

As at the date of this announcement, the Board comprises (1) Mr. Wong Lik Ping, Ms. Yeung Sau Han Agnes, 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*