



**PME GROUP LIMITED**

**必美宜集團有限公司**

(incorporated in the Cayman Islands with limited liability)

Stock Code : 00379

INTERIM REPORT 2014



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## CORPORATE INFORMATION

### EXECUTIVE DIRECTORS

Mr. Wong Lik Ping (*Chairman*)

Ms. Yeung Sau Han Agnes  
(*Chief Executive Officer*)

Mr. Lai Ka Fai

Mr. Wang Liang

Mr. Shi Chong

Mr. Feng Gang

### NON-EXECUTIVE DIRECTOR

Mr. Cheng Kwok Woo

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lam Kwok Hing Wilfred

Mr. Goh Choo Hwee

Mr. Ho Hin Yip

Mr. U Keng Tin

### JOINT COMPANY SECRETARIES

Mr. Li Chak Hung

Mr. Lai Ka Fai

### AUTHORISED REPRESENTATIVES

Mr. Wong Lik Ping

Ms. Yeung Sau Han Agnes

### AUDIT COMMITTEE

Mr. Ho Hin Yip (*Chairman*)

Mr. Lam Kwok Hing Wilfred

Mr. Goh Choo Hwee

### REMUNERATION COMMITTEE

Mr. Ho Hin Yip (*Chairman*)

Mr. Wong Lik Ping

Mr. Lam Kwok Hing Wilfred

Mr. Goh Choo Hwee

### NOMINATION COMMITTEE

Mr. Wong Lik Ping (*Chairman*)

Mr. Lam Kwok Hing Wilfred

Mr. Goh Choo Hwee

Mr. Ho Hin Yip

### AUDITOR

SHINEWING (HK) CPA Limited

*Certified Public Accountants*

### PRINCIPAL BANKERS

Standard Chartered Bank

(Hong Kong) Limited

The Hongkong and

Shanghai Banking Corporation Limited

Fubon Bank (Hong Kong) Limited

### REGISTERED OFFICE

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 2203, 22/F.

Kwan Chart Tower

No. 6 Tonnochy Road

Wanchai, Hong Kong

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited

Level 22

Hopewell Centre

183 Queen's Road East

Hong Kong

### STOCK CODE

379

### WEBSITE

<http://www.pme8.com>

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 2014 together with the comparative figures for the corresponding period in 2013 as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 30 June 2014*

	Notes	Six months ended 30 June	
		2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000 (Restated)
Turnover	3	<b>42,628</b>	41,690
Revenue	4	<b>27,199</b>	37,773
Cost of sales		<b>(26,811)</b>	(34,796)
Gross profit		<b>388</b>	2,977
Other income		<b>4,613</b>	1,242
Selling and distribution expenses		<b>(2,191)</b>	(2,618)
Administrative expenses		<b>(31,168)</b>	(13,548)
Decrease in fair value of held for trading investments		<b>(2,511)</b>	–
Gain on disposals of held for trading investments		<b>2,123</b>	754
Change in fair value of convertible bonds designated as financial assets at fair value through profit or loss		<b>104</b>	2,534
Gain on disposal of a subsidiary		–	1,769
Share of result of an associate		<b>12,989</b>	(2,481)
Share of results of joint ventures		<b>88,471</b>	80,706
Finance costs	5	<b>(470)</b>	(2,782)
Profit before taxation		<b>72,348</b>	68,553
Taxation	6	<b>(8,847)</b>	(5,240)
<b>Profit for the period</b>	7	<b>63,501</b>	63,313

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2014

	Notes	Six months ended 30 June	
		2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000 (Restated)
<b>Other comprehensive income</b>			
Share of other comprehensive income of an associate		519	570
Share of other comprehensive income of joint ventures		1,563	–
<b>Other comprehensive income for the period</b>		<b>2,082</b>	570
<b>Total comprehensive income for the period</b>		<b>65,583</b>	63,883
<b>Profit (loss) for the period attributable to:</b>			
– Owners of the Company		63,501	63,314
– Non-controlling interests		–	(1)
		<b>63,501</b>	63,313
<b>Total comprehensive income (expenses) attributable to:</b>			
– Owners of the Company		65,583	63,884
– Non-controlling interests		–	(1)
		<b>65,583</b>	63,883
<b>Earnings per share</b>	9		
– Basic		HK 0.53 cents	HK 0.54 cents
– Diluted		HK 0.53 cents	HK 0.54 cents

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	30 June 2014 (Unaudited) <i>Notes</i>	31 December 2013 (Audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-Current Assets</b>		
Property, plant and equipment	936	1,674
Available-for-sale investments	2,500	2,500
Interest in an associate	89,777	76,269
Interests in joint ventures	966,484	812,619
Club debentures	350	350
	<b>1,060,047</b>	893,412
<b>Current Assets</b>		
Inventories	9,612	4,585
Trade and bills receivables, other receivables, deposits and prepayments	25,341	41,489
Convertible bond designated as financial assets at fair value through profit or loss	34,633	34,529
Amount due from a joint venture	–	317
Held for trading investments	30,019	–
Deposits placed with financial institutions	8,005	115
Bank balances and cash	266,552	394,069
	<b>374,162</b>	475,104
<b>Current Liabilities</b>		
Trade payables, other payables and accruals	35,932	45,731
Taxation payable	37,391	37,391
Amount due to an associate	32,000	32,000
Obligations under finance leases	848	542
Other loan	8,700	8,700
	<b>114,871</b>	124,364
<b>Net Current Assets</b>	<b>259,291</b>	350,740
<b>Total Assets less Current Liabilities</b>	<b>1,319,338</b>	1,244,152

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

		<b>30 June 2014 (Unaudited) HK\$'000</b>	31 December 2013 (Audited) HK\$'000
	<i>Notes</i>		
<b>Non Current Liabilities</b>			
Obligations under finance leases		<b>1,505</b>	749
Deferred tax liabilities		<b>27,158</b>	18,311
		<b>28,663</b>	19,060
		<b>1,290,675</b>	1,225,092
<b>Capital and Reserves</b>			
Share capital	12	<b>119,192</b>	119,192
Reserves		<b>1,170,638</b>	1,105,055
Equity attributable to owners of the Company		<b>1,289,830</b>	1,224,247
Non-controlling interests		<b>845</b>	845
<b>Total Equity</b>		<b>1,290,675</b>	1,225,092

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<b>Six months ended 30 June</b>	
	<b>2014</b>	2013
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Total equity attributable to the owners of the Company at 1 January	<b>1,224,247</b>	646,263
Change in equity during the period:		
– Share of other comprehensive income of an associate	<b>519</b>	570
– Share of other comprehensive income of joint ventures	<b>1,563</b>	–
– Profit for the period	<b>63,501</b>	63,314
Total comprehensive income for the period	<b>65,583</b>	63,884
Issue of shares upon placing of shares	–	354,900
Issue of shares upon exercises of convertible bonds	–	95,600
	–	450,500
Total equity attributable to the owners of the Company at 30 June	<b>1,289,830</b>	1,160,647



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>Six months ended 30 June</b>	
	<b>2014</b>	2013
	<b>(Unaudited)</b> <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>
Net cash outflow from operating activities	<b>(66,507)</b>	(3,392)
Net cash (outflow) inflow from investing activities	<b>(62,531)</b>	55,852
Net cash inflow from financing activities	<b>1,521</b>	354,900
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<b>(127,517)</b>	407,360
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<b>394,069</b>	12,311
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>266,552</b>	419,671
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Bank balances and cash	<b>266,552</b>	419,671

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 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 other than certain financial instruments measured at fair value through profit or loss and investment properties measured at fair value.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2014 are the same as those followed in the preparation of the Company’s annual financial statements for the year ended 31 December 2013.

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

The application of these new interpretation and amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in the condensed consolidated financial statements and/or disclosures set out in the condensed consolidated financial statements.

## NOTES TO 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.

	<b>Six months ended 30 June</b>	
	<b>2014</b>	2013
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	<b>HK\$'000</b>
Sales of polishing materials and equipment	<b>27,199</b>	37,238
Gross proceeds from sales of held for trading investments	<b>15,429</b>	3,917
Interest income	–	535
	<b>42,628</b>	41,690

### 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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 4. SEGMENTAL INFORMATION (Continued)

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			
	2014	2013	2014	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segments</b>				
Polishing materials and equipment	27,199	37,238	(5,771)	(6,569)
Terminal and logistics services	–	–	69,880	79,827
Investment	–	535	12,699	(1,189)
	27,199	37,773	76,808	72,069
Unallocated corporate expenses			(8,603)	(1,976)
Unallocated other income			4,613	1,242
Unallocated finance costs			(470)	(2,782)
Profit before taxation			72,348	68,553

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

	Assets		Liabilities	
	30 June	31 December	30 June	31 December
	2014	2013	2014	2013
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segments</b>				
Polishing materials and equipment	42,464	51,655	6,731	12,286
Terminal and logistics services	1,098,223	1,012,893	–	–
Investment	161,057	118,458	43,191	41,803
Unallocated corporate items	132,465	185,510	93,612	89,335
	1,434,209	1,368,516	143,534	143,424

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 5. FINANCE COSTS

	<b>Six months ended 30 June</b>	
	<b>2014</b>	2013
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interest on other loan wholly repayable within one year	<b>391</b>	393
Interest on margin loans	–	23
Effective interest expenses on convertible bonds	–	2,343
Finance lease charges	<b>79</b>	23
	<b>470</b>	2,782

### 6. TAXATION

	<b>Six months ended 30 June</b>	
	<b>2014</b>	2013
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	<b>HK\$'000</b>
		(Restated)
The charge comprises:		
Current tax		
– Hong Kong profits tax	–	–
Deferred tax		
– Withholding tax on undistributed profits of joint ventures in the PRC	<b>8,847</b>	5,240
	<b>8,847</b>	5,240

Tax charge for the six months ended 30 June 2013 had been restated to provide for the withholding tax on the undistributed profits of the Group's joint ventures in the PRC.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 7. PROFIT FOR THE PERIOD

	<b>Six months ended 30 June</b>	
	<b>2014</b>	2013
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	<b>788</b>	930
Cost of inventories recognised as expenses	<b>26,811</b>	34,796
Impairment loss on trade receivables	<b>500</b>	1,053
Interest income	<b>(3,658)</b>	(730)

### 8. DIVIDEND

The Board does not recommend payment of an interim dividend for the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

### 9. EARNINGS PER SHARE

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

	<b>Six months ended 30 June</b>	
	<b>2014</b>	2013
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
		(Restated)
Profit attributable to owners of the Company for the purpose of earnings per share	<b>63,501</b>	63,314

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 9. EARNINGS PER SHARE (Continued)

	Number of shares	
	30 June 2014 (Unaudited) '000	30 June 2013 (Unaudited) '000
Weighted average number of ordinary shares for the purpose of basic and dilutive earnings per share	<b>11,919,198</b>	11,642,678

Diluted earnings per share for the six months ended 30 June 2014 and 2013 are the same as the basic earnings per share as 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 both periods.

### 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 customers. 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\$19,514,000 (31 December 2013: HK\$35,936,000) which are included in the Group's trade and bills receivables, other receivables, deposits and prepayments is as follows:

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Within 30 days	<b>4,213</b>	25,868
31 to 60 days	<b>3,958</b>	9,662
61 to 90 days	<b>5,807</b>	241
Over 90 days	<b>5,536</b>	165
	<b>19,514</b>	35,936
Other receivables, deposits and prepayments	<b>5,827</b>	5,553
	<b>25,341</b>	41,489

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 11. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

The aged analysis of the trade payables of HK\$1,946,000 (31 December 2013: HK\$6,638,000) which are included in the Group's trade payables, other payables and accruals is as follows:

	<b>30 June 2014 (Unaudited) HK\$'000</b>	31 December 2013 (Audited) HK\$'000
Within 30 days	841	2,863
31 to 60 days	397	3,763
61 to 90 days	690	–
Over 90 days	18	12
Other payables and accruals	<b>1,946 33,986</b>	6,638 39,093
	<b>35,932</b>	45,731

### 12. SHARE CAPITAL

	<b>Number of shares of HK\$0.01 each '000</b>	<b>Nominal value HK\$'000</b>
Authorised:		
At 1 January 2013	15,000,000	150,000
Increased on 11 June 2013	25,000,000	250,000
<b>At 31 December 2013 and 30 June 2014</b>	<b>40,000,000</b>	<b>400,000</b>
Issued and fully paid:		
At 1 January 2013	9,404,198	94,042
Issue of shares upon placing of shares in 2013	1,000,000	10,000
Issue of shares upon conversion of convertible bonds in 2013	1,515,000	15,150
<b>At 31 December 2013 and 30 June 2014</b>	<b>11,919,198</b>	<b>119,192</b>



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 13. CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2014 and 31 December 2013.

### 14. PLEDGE OF ASSETS

At 30 June 2014, the Group's obligations under finance leases were secured by the lessors' charges over certain motor vehicles of the Group with carrying value of approximately HK\$400,000 (31 December 2013: approximately HK\$643,000).

### 15. OPERATING LEASE COMMITMENTS

#### The Group as lessor

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

	<b>30 June 2014 (Unaudited) HK\$'000</b>	31 December 2013 (Audited) HK\$'000
Within one year	<b>945</b>	1,189
In the second to fifth year inclusive	<b>385</b>	–
	<b>1,330</b>	1,189

#### 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:

	<b>30 June 2014 (Unaudited) HK\$'000</b>	31 December 2013 (Audited) HK\$'000
Within one year	<b>1,842</b>	1,861
In the second to fifth year inclusive	<b>498</b>	1,093
	<b>2,340</b>	2,954

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 16. CAPITAL COMMITMENTS

At 30 June 2014 and 31 December 2013, the Group had no material capital commitments.

### 17. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

#### Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used).

Financial assets/ liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	30 June 2014 HK\$'000	31 December 2013 HK\$'000		
Convertible bonds designated as financial assets at fair value through profit or loss	<b>34,633</b>	34,529	Level 2	Binomial Option Pricing Model  Binomial Option Pricing Model is employed in deriving the fair value of the convertible bonds.  The main inputs include term to maturity, dividend yield, risk-free rate, credit risk rate of the issuer, spot price as of the valuation date, exercise price and expected volatility of stock price.

The Directors consider that the carrying amounts of financial assets recorded at fair value.

There is no transfer between the different levels of the fair value hierarchy for the period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND FINANCIAL PERFORMANCE

The Group's turnover for the six months ended 30 June 2014 increased by 2.2% to approximately HK\$42.6 million as compared with the corresponding period in 2013. The increase in turnover was mainly due to increase in turnover from gross proceeds from sales of held for trading investments. Segmental revenue of polishing materials and equipment segment decreased by 27.0% to approximately HK\$27.2 million for the six months ended 30 June 2014, as compared with the same period last year. The decrease in the revenue of polishing materials and equipment division was mainly due to decrease in 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 profits of the terminal and logistics services division and investment division for the period amounted to approximately HK\$69.9 million and HK\$12.7 million respectively. Segment loss of the polishing materials and equipment division for the period amounted to approximately HK\$5.8 million.

Profit for the six months ended 30 June 2014 attributable to the owners of the Company was approximately HK\$63.5 million (six months ended 30 June 2013: HK\$63.3 million). The profits from share of results of joint ventures were stable for the six months ended 30 June 2013 and 2014. During the six months ended 30 June 2014, the Group used approximately HK\$64.0 million (equivalent to RMB50 million) to increase the capital of Rizhao Lanshan to further develop the terminal and logistics services business.

## MANAGEMENT DISCUSSION AND ANALYSIS

### LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2014, the Group had interest-bearing other loan of approximately HK\$8.7 million (31 December 2013: HK\$8.7 million), which was to mature within one year. The Directors expect that the other loan 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 2014, current assets of the Group amounted to approximately HK\$374.2 million (31 December 2013: HK\$475.1 million). The Group's current ratio (measured as total current assets to total current liabilities) was approximately 3.26 times as at 30 June 2014 as compared with 3.82 times as at 31 December 2013. At 30 June 2014, the Group had total assets of approximately HK\$1,434.2 million (31 December 2013: HK\$1,368.5 million) and total liabilities of approximately HK\$143.5 million (31 December 2013: HK\$143.4 million), representing a gearing ratio (measured as total liabilities to total assets) of 10.0% as at 30 June 2014 as compared with 10.5% as at 31 December 2013.

### LITIGATIONS

The Group has no material litigation as at 30 June 2014.

### 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.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **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 2014. 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 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 2014, 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.

## OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 30 June 2014, the Directors and chief executive of the Company and their associates have the following interests and short positions in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code"):

Long/Short positions in the ordinary shares/underlying shares of the Company:

Directors	Number of shares/underlying shares held			Percentage of interests
	Personal Interests	Corporate interests	Total interests	
Mr. Wong Lik Ping	466,000,000 (L)	2,860,000,000 (L)	3,326,000,000	27.90%
	-	2,860,000,000 (S)	2,860,000,000	23.99%
Ms. Yeung Sau Han Agnes	202,250,000 (L)	-	202,250,000	1.70%
Mr. Cheng Kwok Woo	8,000,000 (L)	-	8,000,000	0.07%

L/S: Long/Short positions

Save as disclosed above, none of the Directors, chief executive and their associates had any interests or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations, within the meaning of Part XV of the SFO, as recorded in the register kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code.

## OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVE'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

The Company operates a share option scheme for the purposes to enable the Directors of the Company to grant options to certain full-time employees (including executive Directors, non-executive Directors and independent non-executive Directors of the Company) of the Group in recognition of their contributions to the Group.

The movements of share options during the six months ended 30 June 2014 are as follows:

<b>Name of grantee</b>	<b>Exercise price</b>	<b>Exercisable period</b>	<b>As at 1.1.2014</b>	<b>As at 30.6.2014</b>
	<i>HK\$</i>			
Mr. Cheng Kwok Woo	0.640	27.5.2010-26.5.2015	1,500,000	1,500,000
Ms. Yeung Sau Han Agnes	0.640	27.5.2010-26.5.2015	175,000,000	175,000,000
Other employee	0.640	27.5.2010-26.5.2015	1,500,000	1,500,000
			178,000,000	178,000,000

Save as disclosed above, at no time during the six months ended 30 June 2014 were rights to acquire benefits by means of acquisition of shares in or debentures of the Company granted to any Directors, chief executive, or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its holding company, or subsidiaries a party to any arrangement to enable the Directors or chief executive to acquire such rights in any other corporate.

### SUBSTANTIAL SHAREHOLDERS

As at 30 June 2014, in accordance with the register of the substantial shareholders kept by the Company under Section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the Listing Rules, the following persons were interested in the shares or underlying shares of the Company:

Long and short positions in the ordinary shares/underlying shares of the Company:

<b>Name</b>	<i>Notes</i>	<b>Number of shares/ underlying shares held</b>	<b>Percentage of interests</b>
Worldkin Development Limited	1	2,860,000,000 (L)	23.99%
		2,860,000,000 (S)	23.99%
Mr. Wong Lik Ping	2	3,326,000,000 (L)	27.90%
		2,860,000,000 (S)	23.99%
Yardley Finance Limited	3	2,860,000,000 (L)	23.99%
Mr. Chan Kin Sun	4	2,860,000,000 (L)	23.99%
Sino Life Insurance Co., Ltd		2,169,430,000 (L)	18.20%
Profit Win International Limited	5	1,200,000,000 (L)	10.07%
Mr. Chen Hui	6	1,200,000,000 (L)	10.07%
Mr. Xu Yufeng		800,000,000 (L)	6.71%

L/S: Long/Short positions

*Notes:*

- Worldkin Development Limited is the beneficial owner of 2,860,000,000 shares of the Company.
- Mr. Wong Lik Ping holds entire equity interests of Worldkin Development Limited and is accordingly deemed to have interests in 2,860,000,000 shares of the Company that Worldkin Development Limited has interests in. Mr. Wong personally owns 466,000,000 shares of the Company.



## **OTHER INFORMATION**

3. Yardley Finance Limited has security interests in 2,860,000,000 shares of the Company.
4. Mr. Chan Kin Sun holds entire equity interests of Yardley Finance Limited and is accordingly deemed to have interests in 2,860,000,000 shares of the Company that Yardley Finance Limited has interests in.
5. Profit Win International Limited is the beneficial owner of 1,200,000,000 shares of the Company.
6. Mr. Chen Hui holds entire equity interests of Profit Win International Limited and is accordingly deemed to have interests in 1,200,000,000 shares of the Company that Profit Win International Limited has interests in.

Save as disclosed above, no other parties were recorded in the register required to be kept under Section 336 of the SFO as having an interest or a short position in the shares or underlying shares of the Company as at 30 June 2014.

## **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 2014.

## **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 and Corporate Governance Report as set out in Appendix 14 of the Listing Rules for the six months ended 30 June 2014, except for the following deviations:

## OTHER INFORMATION

### 1. Code Provision A.6.7

A non-executive Director of the Company was unable to attend the annual general meeting of the Company held on 11 June 2014 due to his other important commitment.

### 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 2014 due to his other important commitment.

## CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the 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 2014.

## CHANGES OF DIRECTORS' INFORMATION

Mr. Lam Kwok Hing Wilfred, an independent non-executive Director, has resigned as the vice chairman and non-executive director of National Arts Entertainment and Culture Group Limited (stock code: 8228) with effect from 11 July 2014.

Mr. Wang Liang, an executive Director, has been appointed as the chairman of the board of Tack Fiori International Group Limited (stock code: 928) with effect from 15 August 2014.

## **OTHER INFORMATION**

### **AUDIT COMMITTEE REVIEW**

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

The Audit Committee has reviewed the unaudited condensed consolidated financial statements for the six months ended 30 June 2014.

### **BOARD OF DIRECTORS**

As at the date of this report, 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.

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

Hong Kong, 28 August 2014