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**LETTER OF INTENT FOR INVESTMENT COOPERATION
IN RESPECT OF
A PROPOSED FORMATION OF A JOINT VENTURE**

This announcement is made by PME Group Limited (the “Company”, together with its subsidiaries, collectively referred to as the “Group”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “Board”) of the Company is pleased to announce that the Company has on 11 October 2013 entered into a Letter of Intent for Investment Cooperation (the “Letter of Intent”) with Rizhao Port Group Co., Ltd. (日照港集團有限公司, the “JV Partner”) in respect of the proposed formation of a joint venture (the “Joint Venture”) in the People’s Republic of China (the “PRC”).

The Letter of Intent proposes formation of the Joint Venture to be engaged in provision of methanol storage and logistics services in Lanshan Harbour, Rizhao Port, Shandong Province of the PRC. Storage facilities of aggregate design storage capacity of approximately 1.7 million cubic metres will be constructed in phases. The first phase is proposed to construct facilities of total design storage capacity of approximately 600,000 cubic metres.

The equity interests of the Joint Venture will be held as to 80% by the Company and 20% by the JV Partner. The registered capital and the total investment amount of the Joint Venture are proposed to be RMB500 million and RMB1,400 million respectively. The Company expects to fund the registered capital contribution of the Joint Venture on its part with its available internal resources, bank or debt financing and/or equity financing. The difference between the registered capital and the total investment amount of the Joint Venture will be funded by bank loans of the Joint Venture.

As at the date of this announcement, the JV Partner and its subsidiaries in aggregate hold approximately 43.69% shareholdings of Rizhao Port Co., Ltd. (日照港股份有限公司). Each of the Group and Rizhao Port Co., Ltd. holds 50% equity interests of Rizhao Lanshan Wansheng Harbour Company Limited (日照嵐山萬盛港業有限責任公司), which is engaged in provision of terminal and logistics services in Lanshan Harbour. The investment in the Joint Venture (if it materializes) will deepen the Group’s footprint of terminal and logistics services in the region.

The proposed formation of the Joint Venture may or may not materialize, and is subject to, among other things, the signing of a formal joint venture agreement. The final investment terms of the proposed Joint Venture are yet to be finalized, and may deviate from those set out in the Letter of Intent.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company. Further announcement in respect of the proposed formation of the Joint Venture will be made by the Company as and when appropriate in accordance with the Listing Rules.

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

Hong Kong, 11 October 2013

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 and Mr. Shi Chong 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*