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Paul Y. Engineering Group Limited

保華建業集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 577)

UPDATE ANNOUNCEMENT BOOK CLOSURE PERIOD

Reference is made to the joint announcement and joint update announcement of Paul Y. Engineering Group Limited (“PYE” or the “Company”) and PYI Corporation Limited dated 21 August 2011 and 23 October 2011, respectively and the circular of PYE dated 24 October 2011 (the “Circular”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Circular.

CAPITAL REDUCTION

Shareholders are advised that the Capital Reduction becomes effective on Monday, 21 November 2011. With effect from commencement of trading on Monday, 21 November 2011, the New Shares will be traded, having a nominal value of HK\$0.20 per share. Shareholders should note that the Capital Reduction does not, of itself, alter the underlying assets, business, operations, management or financial position of PYE, or the proportionate interests of Shareholders in the Company.

Shareholders may submit existing certificates to the branch share registrar of the Company, Tricor Standard Limited, of 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, in order that they can be exchanged for certificates for the New Shares, until Tuesday, 20 December 2011 at the expense of the Company.

BOOK CLOSURE PERIOD

As referred to in the Circular, the Company’s register of members will be closed from Thursday, 24 November 2011 to Friday, 25 November 2011 (both dates inclusive), for the purpose of determining entitlements to the Distribution in Specie or the Cash Alternative, and the Cash Dividend or the Scrip Alternative. No transfer of New Shares will be registered during this period.

In order to be registered as a member of the Company on the Record Date of 25 November 2011, Shareholders must lodge any transfers with the Company's branch share registrar, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 4:00 p.m. on Wednesday, 23 November 2011.

Notwithstanding the passing of all necessary shareholders' approvals on the part of PYE, there is no assurance that the Transactions will complete. Shareholders should note that the first day for dealings in the New Shares ex-entitlement to the Distribution in Specie and the Cash Dividend will be on 22 November 2011. Shareholders and potential investors should also note that the New Shares will continue to trade on an ex-entitlement basis before the Placing Agreements are completed. Under the terms of the Placing Agreements, the long stop date for the completion of the Placing is 31 December 2011. If owing to volatile market conditions or for any other reason, the Placing of 3,100 million Placing Shares at the fixed Placing Price of HK\$0.65 per Placing Share cannot be achieved, the Distribution in Specie with the Cash Alternative, and the Cash Dividend with the Scrip Alternative will not be made. In that case, PYE will remain in its present form and, other things being equal, is likely to trade on the same basis as it did before the Transactions Announcement.

As the various Transactions are subject to the fulfillment of a number of condition precedent and are effectively inter-conditional, completion of the Transactions may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares/New Shares.

By Order of the Board of
Paul Y. Engineering Group Limited
Mui Ching Hung, Joanna
Company Secretary

Hong Kong, 18 November 2011

As at the date of this announcement, the directors of the Company are as follows:

Ir James Chiu, <i>OBE, JP</i>	:	Chairman (Independent Non-Executive Director)
Mr Lau Ko Yuen, Tom	:	Deputy Chairman (Non-Executive Director)
Mr Chan Fut Yan	:	Deputy Chairman (Executive Director)
Ir Dr Wong Kam Cheong, Stanley	:	Executive Director & Chief Executive Officer
Professor Lee Chack Fan, <i>SBS, JP</i>	:	Independent Non-Executive Director
Mr Iain Ferguson Bruce	:	Independent Non-Executive Director

* *For identification purposes only*