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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)

EX-ENTITLEMENT OF SHARES

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, the circular of PYE dated 24 October 2011 (the “Circular”) and the update announcement of PYE dated 18 November 2011. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Circular.

As referred to in the Circular, dealings in the New Shares ex-entitlement to the Distribution in Specie, Cash Alternative and Cash Dividend shall commence on Tuesday, 22 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 and potential investors should 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 New Shares.

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

Hong Kong, 21 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*