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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)*



**保華集團有限公司\***

**PYI Corporation Limited**

*(Incorporated in Bermuda with limited liability)*

*(Stock Code: 498)*

## **RESULTS OF PLACING AND RESUMPTION OF TRADING**

This announcement is made by Paul Y. Engineering Group Limited (“**PYE**”) and PYI Corporation Limited (“**PYI**”) pursuant to Part XIVA of the Securities and Futures Ordinance (Chapter 571) of the Laws of Hong Kong and Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Reference is made to the joint announcement of PYE and PYI dated 19 November 2012, the circular of PYI dated 21 December 2012, the circular of PYE (the “**PYE Circular**”) dated 5 January 2013 and the joint announcement of PYE and PYI dated 21 January 2013. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the PYE Circular.

At the request of PYE and PYI, trading in the shares of PYE and PYI were suspended with effect from 9:00 a.m. on 22 January 2013 pending the release of this announcement.

The board of directors of PYE wishes to inform its shareholders that under the Placing, an aggregate of 2,938,236,000 Shares at the Placing Price of HK\$0.68 per Share (raising gross proceeds of HK\$1,998 million) (the “**Placing Shares**”) and an aggregate of HK\$1,202 million worth of Convertible Bonds at face value (the “**Placing Convertible Bonds**”) have been allocated on a best effort basis and to an aggregate of not less than six Placees. The Upsize Option has not been, and will not be, exercised. The Placing Completion Date is expected to be 5 February 2013 or in any event no later than 8 February 2013, and the Placing remains conditional on the terms of the Placing Agreement being fulfilled. A further announcement on completion of the Placing and on the status of the Contingent Placing will be made in due course.

None of the Placees will be connected persons (as defined under the Listing Rules) of PYE other than in a situation where consent from the Stock Exchange has been obtained as a pre-condition and in compliance with the Listing Rules.

It was resolved at the PYE SGM that Mr. Hung be appointed as an executive director and joint chairman of PYE. Such appointment will take effect from the date of completion of the Acquisition. Pride Wisdom has agreed to subscribe for 705,882,000 Placing Shares at the Placing Price of HK\$0.68 per Share. Pride Wisdom is a private company indirectly owned by Mr. Sean Hung, the son of Mr. Hung.

Subject to the completion of the Placing, 470,500,000 Placing Shares, representing approximately 13.27% of the issued share capital of PYE as enlarged by the Placing Shares, have been placed by the Placing Agent to Janus Capital Management LLC. Janus Capital Management LLC is a subsidiary of Janus Capital Group Inc., which is listed on the New York Stock Exchange, and is an asset management firm. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Janus Capital Management LLC, as the investment manager of a discretionary fund, is a party which is not a connected person (as defined under the Listing Rules) of PYE and is independent of PYE and its connected persons.

The Placing Shares represent approximately 484.10% of the existing issued share capital of PYE, amounting to 606,954,322 Shares as at the date of this announcement, and approximately 82.88% of the total issued share capital of PYE as enlarged by the Placing Shares.

The number of Shares to be allotted and issued on exercise in full of the Placing Convertible Bonds amounts to 1,767,647,058 Shares, representing approximately 291.23% of the existing issued share capital of PYE, and approximately 33.27% of the total issued share capital of PYE as enlarged by the full conversion of the Placing Convertible Bonds and as enlarged by the Placing Shares.

In the event that the Placing Completion Date is delayed, a further announcement on timing, including as to the impact of the delay on timing of the Distribution in Specie, Cash Alternative and Cash Dividend, will be made in due course.

The table below shows the issued share capital of PYE (i) as at the date of this Announcement; (ii) as it would be immediately after completion of the Placing; and (iii) as it would be immediately after conversion of the Placing Convertible Bonds based on the conversion price of HK\$0.68. The table does not demonstrate the effect of any dilution that may arise as a result of effecting the Contingent Placing; nor does it show the effect of any exercise of the Exchange Right.

Identity of Shareholders	As at the date of this Announcement		On completion of the Placing		On conversion of the Placing Convertible Bonds based on the conversion price of HK\$0.68	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
PYI	375,826,317	61.92	375,826,317	10.60	375,826,317	7.07
Other Shareholders as at the date of this Announcement	231,128,005	38.08	231,128,005	6.52	231,128,005	4.35
Pride Wisdom	0	0.00	705,882,000	19.91	705,882,000	13.29
Janus Capital Management LLC	0	0.00	470,500,000	13.27	470,500,000	8.86
Ontario Teachers' Pension Plan <sup>1</sup>	0	0.00	0	0.00	1,481,617,647	27.89
Other Placees	0	0.00	1,761,854,000	49.70	2,047,883,411	38.54
<b>Total</b>	<b>606,954,322</b>	<b>100.00</b>	<b>3,545,190,322</b>	<b>100.00</b>	<b>5,312,837,380</b>	<b>100.00</b>

Note 1. Under the terms and conditions of the Convertible Bonds, a Convertible Bondholder is prohibited from converting its Convertible Bonds if (i) such conversion will affect the minimum public float requirement in respect of the Shares under the Listing Rules; or (ii) such conversion will result in a change of control (as defined in the Takeovers Code) of PYE. The amount of Shares that may be held by Ontario Teachers' Pension Plan upon full exercise of conversion rights as indicated in the table above is subject to the above restrictions. With US\$117.1 billion in assets as of 31 December 2011, the Ontario Teachers' Pension Plan is the largest single-profession pension plan in Canada.

**There is no assurance that the Transactions will complete. According to the proposed timetable set out in the Circular, the first day for dealing in the Shares ex-entitlement to the Distribution in Specie, Cash Alternative and the Cash Dividend will be on 30 January 2013, the Record Date for which is scheduled on 4 February 2013. However, Shareholders and potential investors should note that the Shares will most probably be traded on an ex-entitlement basis before the Placing Agreement and the Acquisition are completed. According to the proposed timetable, the Placing is proposed to complete and the Acquisition is proposed to close, in each case, on or before 8 February 2013. Under the terms of the Placing Agreement and the Falloncroft SPA, the long stop date for completion of the Placing and the Acquisition is 1 March 2013. If, owing to volatile market conditions or for any other reason, the Placing and the Acquisition cannot be achieved, the Distribution in Specie, with the Cash Alternative, and the Cash Dividend 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. Accordingly, Shareholders and potential investors should exercise caution when dealing in the Shares.**

**As completion of the various Transactions is, in each case, subject to the fulfillment of a number of conditions precedent and, apart from the Distribution in Specie, effectively all inter-conditional, the various Transactions may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.**

Application has been made to the Stock Exchange for the resumption of trading in the shares of PYE and PYI with effect from 9:00 a.m. on 25 January 2013.

Hong Kong, 24 January 2013

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

By Order of the PYI Board  
**PYI Corporation Limited**  
**Ko Hiu Fung**  
*Company Secretary*

As at the date of this announcement, directors of PYE 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

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

Mr Lau Ko Yuen, Tom	:	Chairman and Managing Director
Mr Chan Yiu Lun, Alan	:	Executive Director
Dr Chan Kwok Keung, Charles	:	Non-Executive Director
<i>(with Mr Chan Yiu Lun, Alan as alternate)</i>		
Mr Chan Shu Kin	:	Independent Non-Executive Director
Mr Leung Po Wing, Bowen Joseph <i>GBS, JP</i>	:	Independent Non-Executive Director
Mr Li Chang An	:	Independent Non-Executive Director
Ms Wong Lai Kin Elsa	:	Independent Non-Executive Director

\* *For identification purpose only*