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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)

### **PLACING OF NEW SHARES AND CONVERTIBLE BONDS UNDER A SPECIFIC MANDATE, COMPLETION OF THE ACQUISITION, APPOINTMENT OF EXECUTIVE DIRECTORS, OTHER CHANGES TO THE DIRECTORATE AND UNUSUAL MOVEMENTS IN PRICE AND TRADING VOLUME**

The Board is pleased to announce that completion of the Placing took place on 5 February 2013, raising gross funds of HK\$3,200 million. An aggregate of 2,938,236,000 Placing Shares at the Placing Price of HK\$0.68 per Share and an aggregate of HK\$1,202 million worth of Convertible Bonds at face value have been successfully placed by the Placing Agent to not less than six Places.

The Board is also pleased to announce that completion of the Acquisition of Falloncroft pursuant to the terms of the Falloncroft SPA took place on 5 February 2013.

The Board announces that, with effect from the completion of the Acquisition of Falloncroft on 5 February 2013:–

- (1) Mr. Stephen Hung took office as an Executive Director and Joint Chairman of PYE;
- (2) Mr. Peter Lee Coker Jr. took office as an Executive Director and Joint Chairman of PYE;
- (3) Mr. Walter Craig Power took office as an Executive Director and Chief Executive Officer of PYE; and
- (4) Ir James Chiu, *OBE, JP* stepped down as Chairman and Ir Dr Wong Kam Cheong, Stanley stepped down as Chief Executive Officer of PYE, although each remains as a director of PYE.

\* For identification purposes only

Reference is made to the joint announcements of Paul Y. Engineering Group Limited (“**PYE**”) and PYI Corporation Limited dated 19 November 2012 and 24 January 2013 and the circular of PYE dated 5 January 2013 (the “**Circular**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Circular.

### **COMPLETION OF THE PLACING**

The Board is pleased to announce that completion of the Placing took place on 5 February 2013 in accordance with the terms and conditions of the Placing Agreement, raising gross funds of HK\$3,200 million. An aggregate of 2,938,236,000 Placing Shares at the Placing Price of HK\$0.68 per Share and an aggregate of HK\$1,202 million worth of Convertible Bonds at face value have been successfully placed by the Placing Agent to not less than six Placees, who and whose ultimate beneficial owners were not connected persons of PYE.

The issued share capital of PYE, as enlarged by the Placing Shares, is 3,545,190,322 Shares. Upon full conversion of the Placing Convertible Bonds, based on the conversion price of HK\$0.68, the issued share capital would be 5,312,837,380 Shares.

705,882,000 Shares, representing approximately 19.91% of the issued share capital of PYE as enlarged by the Placing (but taking no account of Shares that may be issued upon exercise of the Convertible Bonds), were subscribed by Pride Wisdom. Pride Wisdom, the vendor under the Falloncroft SPA, is a private company indirectly owned by Mr. Sean Hung, the son of Mr. Stephen Hung who is now a director of PYE as described below.

### **COMPLETION OF THE ACQUISITION**

The Board is also pleased to announce that completion of the Acquisition of Falloncroft pursuant to the terms of the Falloncroft SPA took place on 5 February 2013. Falloncroft holds the entire issued share capital of Uni-Dragon, which is the legal and beneficial owner of all the issued shares of Manlink and Challenge Shore. Manlink and Challenge Shore in turn holds 60% and 40% respectively of New Concordia which has been granted the POA in respect of the Land on which it is proposed to construct and operate a 5 star hotel with ancillary retail and entertainment facilities (including but not limited to gaming, subject to the approval of the Macau Government).

### **NO CONTINGENT PLACING**

On the basis that completion of the Acquisition has successfully been funded from the Placing alone, PYE has elected not to proceed with the Contingent Placing. Accordingly, PYE will not be issuing any Contingent Placing Convertible Bonds and PYE will not call on funds prospectively raised by the Contingent Placing Agents. No fees or commissions have been (or will be) paid by PYE pursuant to the Contingent Placing Agreements.

From the Placing, PYE has raised funds sufficient to commence construction of the hotel and other aspects of the Project (and proposes to apply approximately HK\$778 million in this regard). PYE will, in due course, explore the most appropriate means of funding the Project to completion, whether by way of bank debt or by raising further capital in place of the Contingent Placing.

### **APPOINTMENT OF EXECUTIVE DIRECTORS, JOINT CHAIRMEN AND CHIEF EXECUTIVE OFFICER**

The Board is pleased to announce that, with effect from the completion of the Acquisition on 5 February 2013, Mr. Stephen Hung and Mr. Peter Lee Coker Jr. took office as Executive Directors and Joint Chairmen of PYE and Mr. Walter Craig Power took office as an Executive Director and Chief Executive Officer of PYE.

The biographical details of Mr. Hung, Mr. Coker and Mr. Power can be found in the Circular.

The Board would like to extend its warmest welcome to Mr. Hung, Mr. Coker and Mr. Power for joining PYE.

Ir James Chiu, *OBE, JP*, an Independent Non-Executive Director has stepped down as Chairman and Ir Dr Wong Kam Cheong, Stanley, an Executive Director, has stepped down as Chief Executive Officer of PYE with effect from 5 February 2013.

Each of Ir Chiu and Ir Dr Wong will continue to serve on the Board and the Board would like to take this opportunity to express its appreciation to both of them for their contributions as Chairman and Chief Executive Officer, respectively.

### **FURTHER CIRCULAR**

The Board anticipates that PYE will be in a position to despatch, on 8 February 2013, the further circular relating to the Distribution in Specie and Cash Alternative; and the Cash Dividend and Scrip Alternative. PYE anticipates completing the Distribution in Specie (and implementing arrangements to complete the Cash Alternative and any excess applications for shares in PYE BVI) and effecting the Cash Dividend and Scrip Alternative on 12 March 2013.

### **UNUSUAL MOVEMENTS IN PRICE AND TRADING VOLUME**

The Board has noted a decrease in PYE's share price and an unusual volume of trading in PYE's shares today. The Stock Exchange has made enquiries of PYE as to its understanding of the reasons for this and requested that PYE make an announcement on the same.

Having made such enquiry with respect to PYE as is reasonable in the circumstances, the Board confirms that, save in so far as trading may relate to the matters referred to in this announcement, the Board is not aware of any reasons for these price and volume movement nor of any other information which must be announced to avoid a false market in the Company's securities or of any inside information that needs to be disclosed under Part XIVA of the Securities and Futures Ordinance.

This announcement is made by the order of PYE. The Board collectively and individually accepts responsibility for the accuracy of this announcement.

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

Hong Kong, 5 February 2013

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

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