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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)

- (1) CHANGE OF DIRECTORS,**
- (2) RECONSTITUTION OF BOARD COMMITTEES,**
- (3) CHANGE OF AUTHORISED REPRESENTATIVE AND AGENT FOR THE SERVICE OF PROCESS IN HONG KONG,**
- (4) CESSATION OF CHIEF FINANCIAL OFFICER,**
- (5) PROPOSED CHANGE OF NAME OF THE COMPANY,**
- (6) PROPOSED REFRESHMENT OF GENERAL MANDATE TO ALLOT AND ISSUE NEW SHARES AND THE EXTENSION THEREOF,**
- (7) PROPOSED REFRESHMENT OF GENERAL MANDATE TO REPURCHASE SHARES, AND**
- (8) PROPOSED REFRESHMENT OF SHARE OPTION SCHEME MANDATE LIMIT**

The Board announces that with effect from 19 February 2013:

- Mr. Francis Goutenmacher has been appointed as an Independent Non-Executive Director of the Company;
- Mr. Chan Fut Yan resigned as Deputy Chairman (Executive Director) and member of the executive committee of the Company;
- Ir Dr Wong Kam Cheong, Stanley resigned as Executive Director, member of the remuneration committee, member of the finance & investment committee, chairman of the executive committee and authorized representative of the Company;
- Mr. Lau Ko Yuen, Tom has been re-designated as Deputy Chairman (Executive Director) of the Company; and

* For identification purpose only

- board committees of the Company have been reconstituted.

The Board proposes to change the name of the Company from “Paul Y. Engineering Group Limited” to “Louis XIII Holdings Limited” and, upon the change of name becoming effective, to adopt “路易十三集團有限公司” as the Chinese name in place of “保華建業集團有限公司” for identification purposes only.

The Board further proposes to seek (i) the approval of the Independent Shareholders to refresh the Existing Issue Mandate and the Existing Issue Mandate Extension and (ii) the approval of the Shareholders to refresh the Existing Repurchase Mandate and the Scheme Mandate Limit at the SGM.

A circular containing (i) details regarding the Proposed Change of Company Name; (ii) details regarding the Proposed Refreshment of Mandates and Scheme Mandate Limit and (iii) a notice convening the SGM will be despatched to the Shareholders as soon as practicable.

CHANGE OF DIRECTORS

The board (the “Board”) of directors (the “Directors”) of Paul Y. Engineering Group Limited (the “Company”) announces that with effect from 19 February 2013:

- Mr. Francis Goutenmacher (“Mr. Goutenmacher”) has been appointed as an Independent Non-Executive Director of the Company;
- Mr. Chan Fut Yan (“Mr. Chan”) resigned as Deputy Chairman (Executive Director) and member of the executive committee of the Company;
- Ir Dr Wong Kam Cheong, Stanley (“Ir Dr Wong”) resigned as Executive Director, member of the remuneration committee, member of the finance & investment committee and chairman of the executive committee of the Company; and
- Mr. Lau Ko Yuen Tom (“Mr. Lau”) has been re-designated as Deputy Chairman (Executive Director) of the Company.

Mr. Chan has confirmed that he resigned in order to allocate more time to his personal career development. Mr. Chan has no disagreement with the Board and there is no matter relating to his resignation that needs to be brought to the attention of the shareholders of the Company (the “Shareholders”). The Board takes this opportunity to express its appreciation to Mr. Chan for his contributions during his tenure with the Company.

Ir Dr Wong has confirmed that he resigned in order to allocate more time to his personal career development. Ir Dr Wong has no disagreement with the Board and there is no matter relating to his resignation that needs to be brought to the attention of the Shareholders. The Board takes this opportunity to express its appreciation to Ir Dr Wong for his contributions during his tenure with the Company.

Set out below are the biographies and background information of Mr. Goutenmacher and Mr. Lau.

Francis Goutenmacher, aged 71, has been with Richemont Luxury Group, S.A. (“Richemont”), one of the world’s leading luxury goods groups, for over 30 years. He has been the managing director and chief executive officer of several prestigious brands, like Cartier and Piaget, encompassed by Richemont. After retiring as the regional chief executive of Richemont Asia Pacific Limited, Mr. Goutenmacher is now running a marketing consultancy firm, Goutenmacher Consulting Limited, and is a director of this consultancy company. Mr. Goutenmacher holds a Bachelor’s degree from Ecole Nationale des Arts Decoratifs in Paris, France. He is an independent non-executive director of I.T Limited (0999.HK) and Natural Beauty Bio-Technology Limited (0157.HK). Mr. Goutenmacher has been appointed as member of the audit committee and nomination committee of the Company with effect from 19 February 2013.

Save as disclosed above, Mr. Goutenmacher did not hold (i) any position with the Company or any of its subsidiaries, (ii) any other directorship in the last three years in public companies, the securities of which are listed on any securities market in Hong Kong or overseas, and (iii) any other major appointment and professional qualification. Mr. Goutenmacher does not have any interest in any shares or underlying shares of the Company required to be disclosed pursuant to Part XV of the Securities and Futures Ordinance nor does he have any relationship with any other directors, senior management or substantial shareholder or controlling shareholder of the Company. Mr. Goutenmacher has not entered into any service contract with the Company or its subsidiaries (the “Group”). He is appointed for a term of approximately three years and is subject to re-election in accordance with the bye-laws of the Company. He will receive a director’s fee, currently HK\$580,000 per annum, as determined by the Board pursuant to the authority given by the Shareholders at the Company’s general meetings and with reference to the prevailing market conditions.

Save as disclosed above, there are no other matters concerning Mr. Goutenmacher that need to be brought to the attention of the Shareholders nor any information to be disclosed pursuant to the requirements of Rule 13.51(2) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”).

Lau Ko Yuen, Tom, aged 61, has been the Deputy Chairman (Non-Executive Director) of the Company since January 2005. He is also a member of the Nomination Committee, Disclosures Committee and Corporate Governance Committee of the Company. Mr. Lau has been appointed as member of the remuneration committee, finance and investment committee, executive committee and PYE committee of the Company with effect from 19 February 2013. Mr. Lau has over 40 years’ international corporate development and management experience in infrastructure developments as well as construction and engineering services involving the road, rail, port, power, telecommunications, mining and resources sectors in the Asia Pacific Region. Mr. Lau is the Chairman and Managing Director of PYI Corporation Limited (“PYI”) (0498.HK), a significant developer and operator of major bulk cargo ports in the Yangtze River Region in China. He is also the Deputy Chairman and non-executive director of Prosperity Investment Holdings Limited (0310.HK) and he was an independent non-executive director of China National

Building Material Company Limited (3323.HK) until November 2011. Mr. Lau is also a Director of PYI Treasury Group Limited, Growing Success Limited and Paul Y. Investments Limited, all of which as well as PYI have interests in the shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, Mr. Lau did not hold (i) any position with the Company or any of its subsidiaries, (ii) any other directorship in the last three years in public companies, the securities of which are listed on any securities market in Hong Kong or overseas, and (iii) any other major appointment and professional qualification. Save as disclosed above, Mr. Lau does not have any interest in any shares or underlying shares of the Company required to be disclosed pursuant to Part XV of the Securities and Futures Ordinance, nor does he have any relationship with any other directors, senior management or substantial shareholder or controlling shareholder of the Company. Mr. Lau has not entered into any service contract with the Group. He is appointed for a term of approximately three years and is subject to re-election in accordance with the by-laws of the Company. He will not receive any director's fee or emolument.

Save as disclosed above, there are no other matters concerning Mr. Lau that need to be brought to the attention of the Shareholders nor any information to be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules.

RECONSTITUTION OF BOARD COMMITTEES

Following the change of Directors as set out above, the Board has resolved to, with effect from 19 February 2013:

- (1) reconstitute the audit committee of the Company where Ir James Chiu, Professor Lee Chack Fan, Mr. Iain Ferguson Bruce and Mr. Francis Goutenmacher are members of the audit committee. Ir James Chiu is the chairman of the audit committee;
- (2) reconstitute the remuneration committee of the Company where Ir James Chiu, Mr. Lau Ko Yuen, Tom and Professor Lee Chack Fan are members of the remuneration committee. Ir James Chiu is the chairman of the remuneration committee;
- (3) reconstitute the nomination committee of the Company where Professor Lee Chack Fan, Mr. Iain Ferguson Bruce, Mr. Francis Goutenmacher, Mr. Stephen Hung and Mr. Lau Ko Yuen, Tom are members of the nomination committee. Professor Lee Chack Fan is the chairman of the nomination committee;
- (4) reconstitute the finance and investment committee of the Company where Mr. Iain Ferguson Bruce, Mr. Stephen Hung, Mr Peter Lee Coker Jr., Mr. Walter Craig Power and Mr. Lau Ko Yuen, Tom are members of the finance and investment committee. Mr. Iain Ferguson Bruce is the chairman of the finance and investment committee;

- (5) reconstitute the disclosures committee of the Company where Mr. Iain Ferguson Bruce, Mr. Peter Lee Coker Jr. and Mr. Lau Ko Yuen, Tom are members of the disclosures committee. Mr. Iain Ferguson Bruce is the chairman of the disclosures committee;
- (6) reconstitute the executive committee of the Company where Mr. Stephen Hung, Mr. Peter Lee Coker Jr., Mr. Walter Craig Power and Mr. Lau Ko Yuen, Tom are members of the executive committee. Mr. Stephen Hung is the chairman of the executive committee; and
- (7) establish a PYE committee of the Company where Ir James Chiu, Professor Lee Chack Fan, Mr. Iain Ferguson Bruce and Mr. Lau Ko Yuen, Tom are members of the PYE committee. Ir James Chiu is the chairman of the PYE committee.

CHANGE OF AUTHORISED REPRESENTATIVE AND AGENT FOR THE SERVICE OF PROCESS IN HONG KONG

The Board announces that Mr. Lau Ko Yuen, Tom has been appointed an authorised representative of the Company in place of Ir Dr Wong Kam Cheong, Stanley with effect from 19 February 2013. Mr. Lau Ko Yuen, Tom has also been appointed as agent for the service of process in Hong Kong of the Company under Part XI of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) in place of Mr. Law Hon Wa, William (“Mr. Law”) with effect from 19 February 2013. After the above changes, Mr. Lau Ko Yuen, Tom and Ms. Mui Ching Hung, Joanna are the authorised representatives of the Company and agents for the service of process in Hong Kong of the Company.

CESSATION OF CHIEF FINANCIAL OFFICER

The Board announces that Mr. Law ceased to be Chief Financial Officer of the Company with effect from 19 February 2013. Mr. Law continues to be employed by the Group. Mr. Law has no disagreement with the Board and there is no matter relating to his cessation of Chief Financial Officer that needs to be brought to the attention of the Shareholders. The Board takes this opportunity to express its appreciation to Mr. Law for his contributions during his tenure as Chief Financial Officer of the Company. Details of the appointment of a new Chief Financial Officer of the Company will be announced in due course.

PROPOSED CHANGE OF NAME OF THE COMPANY

The Board proposes to change the name of the Company from “Paul Y. Engineering Group Limited” to “Louis XIII Holdings Limited” and, upon the change of name becoming effective, to adopt “路易十三集團有限公司” as the new Chinese name in place of “保華建業集團有限公司” for identification purposes only (collectively, the “Proposed Change of Company Name”).

Reason for the Proposed Change of Company Name

The Group diversified its business by virtue of the acquisition of Falloncroft Investments Limited (which was indirectly granted a power of attorney to develop a parcel of land situated on the Cotai Strip, Macau) on 5 February 2013. As referred to in the circular of the Company dated 5 January 2013 (the “Circular”), the Group proposes to build an exclusive 5 star hotel and entertainment complex on the land and intends to call it the ‘Louis XIII’.

As the Company itself is essentially only a holding company, the Proposed Change of Company Name is part of the corporate strategy to align the name of the holding company with the refocused principal business activity of the Group. The Company considers the new English name and the adoption of the new Chinese name as a major step towards the Company's commitment to the new business. The Board believes that the new company name and related branding will better reflect the Company's business focus and direction and will, therefore, better serve the interests of the Company and the Shareholders as a whole.

The Board does, however, recognize the historical pedigree and continuing importance of and goodwill in the name 'Paul Y' so far as it is associated with the Group's management contracting business, in particular as regards construction and civil engineering projects. Accordingly, the Group's activities in these areas, as conducted by its subsidiary, Paul Y. Engineering (BVI) Limited (and the companies, in turn, owned by that company), will continue to operate using the 'Paul Y' name and brand.

Conditions of the Proposed Change of Company Name

The Proposed Change of Company Name is subject to the following conditions:

- (i) the passing of a special resolution by the Shareholders at a special general meeting of the Company (the "SGM") approving the Proposed Change of Company Name; and
- (ii) the approval of the Registrar of Companies in Bermuda having been obtained for the proposed change of the name of the Company from "Paul Y. Engineering Group Limited" to "Louis XIII Holdings Limited".

The relevant filings with the Registrar of Companies in Bermuda will be made after the passing of the special resolution at the SGM.

Subject to the satisfaction of the conditions set out above, the change of name of the Company will take effect from the date on which the new name "Louis XIII Holdings Limited" is entered on the register of companies maintained by the Registrar of Companies in Bermuda in place of the existing name. Upon the change of name becoming effective, the Company will adopt the new Chinese name "路易十三集團有限公司" in place of "保華建業集團有限公司" for identification purposes only. Thereafter, the Company will carry out any necessary filing procedures with the Companies Registry in Hong Kong.

Effect of Change of Company Name

The Proposed Change of Company Name will not affect any of the rights of the holders of securities of the Company. All existing certificates of securities of the Company in issue bearing the existing name of the Company will, after the Proposed Change of Company Name becoming effective, continue to be evidence of title to such securities and will remain to be valid for trading, settlement, registration and delivery purposes. Accordingly, there will not be any arrangement for free exchange of the existing certificates of securities of the Company for new certificates bearing the new name of the Company.

Upon the Proposed Change of Company Name becoming effective, new certificates of securities of the Company will be issued under the new name of the Company, and the English and Chinese stock short names of the Company will also be changed.

PROPOSED REFRESHMENT OF THE MANDATES AND SCHEME MANDATE LIMIT

The Mandates and Scheme Mandate Limit

At the annual general meeting held on 6 September 2012 (the “2012 AGM”), resolutions were passed by the Shareholders to authorize the Directors:

- (i) to allot, issue and otherwise deal with a maximum of 121,390,864 shares of HK\$0.20 each in the share capital of the Company (the “Shares”) pursuant to the general mandate granted (the “Existing Issue Mandate”);
- (ii) to repurchase a maximum of 60,695,432 Shares pursuant to the general mandate granted (the “Existing Repurchase Mandate”); and
- (iii) in addition to the Existing Issue Mandate, to allot, issue or otherwise deal with the Shares repurchased under the Existing Repurchase Mandate (the “Existing Issue Mandate Extension”).

((i) to (iii) above collectively referred to as the “Mandates”.)

At the annual general meeting held on 26 August 2011 (the “2011 AGM”), a resolution was passed by the Shareholders to approve the refreshment of the scheme mandate limit on the grant of options under the share option scheme of the Company adopted on 7 September 2005 (the “Share Option Scheme”) to 60,695,432 Shares, representing approximately 10% of Shares in issue as at the date of the 2011 AGM (the “Scheme Mandate Limit”).

Since the 2012 AGM to the date of this announcement, the Mandates have neither been utilized nor refreshed.

Under the Scheme Mandate Limit, no options were granted, outstanding, lapsed, exercised or cancelled. As at the date of this announcement, there were no outstanding options granted under the Share Option Scheme.

In view of the substantial increase of issued share capital of the Company subsequent to the issue of 2,938,236,000 new Shares under the placing agreement dated 19 November 2012 between the Company and CLSA Limited (the “Placing Agreement”), the Board proposes to seek (i) the approval of the Independent Shareholders (as defined hereunder) at the SGM to refresh the Existing Issue Mandate and the Existing Issue Mandate Extension and (ii) the Shareholders’ approval at the SGM to refresh the Existing Repurchase Mandate.

In view of the said substantial increase of issued share capital of the Company and in order to provide the Company with greater flexibility in granting share options to eligible persons (including employees, executives or officers of the Group) under the Share Option Scheme as an incentive or reward for their contribution to the Group, the Board further proposes to seek the Shareholders’ approval at the SGM to refresh the Scheme Mandate Limit.

As such, the Board proposes to refresh the Mandates and Scheme Mandate Limit by passing the following ordinary resolutions at the SGM to authorize the Directors (the “Proposed Refreshment of Mandates and Scheme Mandate Limit”):

- (i) to allot, issue or otherwise deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of the SGM by a general mandate (the “New Issue Mandate”);
- (ii) to repurchase Shares, not exceeding 10% of the issued share capital of the Company as at the date of the SGM by a general mandate (the “New Repurchase Mandate”);
- (iii) in addition to the New Issue Mandate, to allot, issue or otherwise deal with Shares repurchased under the New Repurchase Mandate (the “New Issue Mandate Extension”); and
- (iv) to refresh the 10% limit on the grant of options under the Share Option Scheme.

Notwithstanding the Proposed Refreshment of Mandates, the Board is aware of, and intends to honour, its commitment, under the Placing Agreement, not to allot or issue any new Shares (save on exercise of any Convertible Bonds as issued pursuant to the Placing Agreement or as otherwise contemplated pursuant to the Transactions, as defined and referred to in the Circular), at least until 6 August 2013, being 180 days after the closing date of the placing (without the prior written consent of CLSA Limited).

GENERAL

The SGM will be held for the Shareholders to consider and, if thought fit, pass the special resolution to approve the Proposed Change of Name and ordinary resolutions to approve the Proposed Refreshment of Mandates and Scheme Mandate Limit. The refreshment of the Existing Issue Mandate and the Existing Issue Mandate Extension are proposed to the Shareholders prior to the next annual general meeting, and therefore, pursuant to the Listing Rules, the refreshment of the Existing Issue Mandate and the Existing Issue Mandate Extension will be subject to the approval at the SGM by Shareholders other than Mr. Stephen Hung, being a director of the Company, and his associates (the “Independent Shareholders”). Mr. Stephen Hung and his associates have volunteered to abstain from voting in favour of the resolutions regarding the refreshment of the Existing Issue Mandate and the Existing Issue Mandate Extension. As at the date of this announcement, Pride Wisdom Group Limited (“Pride Wisdom”) was interested in 661,766,000 Shares, representing approximately 18.67% of the issued share capital of the Company. Although Pride Wisdom may technically not qualify as an ‘associate’ of Mr. Stephen Hung for the purposes of Chapter 1 of the Listing Rules (being a company owned by his adult son), Mr. Stephen Hung has, on this occasion, volunteered that Pride Wisdom, as the Company’s single largest shareholder as at the date of this announcement, will abstain from voting in favour thereon. The Company has formed an independent board committee comprising of independent non-executive Directors (the “Independent Board Committee”) and will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the refreshment of the Existing Issue Mandate and the Existing Issue Mandate Extension in compliance with the Listing Rules.

A circular containing (i) details of the Proposed Change of Company Name, (ii) the Proposed Refreshment of Mandates and Scheme Mandate Limit and (iii) a notice of the SGM will be despatched to the Shareholders as soon as practicable.

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

Hong Kong, 19 February 2013

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

Mr Stephen Hung	: Joint Chairman (Executive Director)
Mr Peter Lee Coker Jr.	: Joint Chairman (Executive Director)
Mr Lau Ko Yuen, Tom	: Deputy Chairman (Executive Director)
Mr Walter Craig Power	: Executive Director & Chief Executive Officer
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
Mr Francis Goutenmacher	: Independent Non-Executive Director