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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) DISTRIBUTION IN SPECIE AND THE RESULTS OF THE CASH ALTERNATIVE AND APPLICATIONS FOR EXCESS SHARES AND (2) RESULTS OF THE SCRIP ALTERNATIVE

This announcement is made by Paul Y. Engineering Group Limited (the “**Company**”) 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 the Company and PYI Corporation Limited (“**PYI**”) dated 19 November 2012, the circular of the Company dated 5 January 2013 (the “**Circular**”), and the supplementary circular of the Company dated 8 February 2013 (the “**Supplementary Circular**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Circular and the Supplementary Circular.

DISTRIBUTION IN SPECIE AND THE RESULTS OF THE CASH ALTERNATIVE AND APPLICATIONS FOR EXCESS SHARES

The Distribution in Specie will be effected on or around 12 March 2013. Of the 606,954,322 shares of PYE BVI to be distributed (representing 49% of the issued share capital of PYE BVI), and based upon the return of forms as at 4:00 p.m. on Wednesday, 27 February 2013, being the latest time for election to receive the Cash Alternative or apply and pay for excess PYE BVI Shares:

- (i) valid cash alternative election forms were received from Shareholders entitled to receive an aggregate of 213,607,872 PYE BVI Shares, meaning that those Shareholders will collectively receive a total cash sum of HK\$64,082,361.60 (equal to HK\$0.30 per PYE BVI Share) instead of PYE BVI Shares; and

* *For identification purposes only*

- (ii) valid EAFs were received from Eligible Qualifying Shareholders, together with the requisite payment amounts (equal to HK\$0.30 per PYE BVI Share) in respect of an aggregate of 813,162 PYE BVI Shares.

As a result of the above, PYI is required, pursuant to the PYE BVI Shares Deed of Undertaking, to purchase a total of 212,794,710 PYE BVI Shares equating to approximately 17.18% of the issued share capital of PYE BVI, for a total cash consideration of HK\$63,838,413. Accordingly, on completion of the Distribution in Specie, and after giving effect to the Cash Alternative and applications for excess shares, the PYE BVI Shares will be owned as follows:

Identity of PYE BVI Shareholders	No. of PYE BVI Shares held	Approximate % of PYE BVI Shares held
PYE	631,727,969	51.00
PYI	588,621,027	47.52
Public	18,333,295	1.48
	1,238,682,291	100.00

DESPATCH OF PYE BVI SHARE CERTIFICATES

Certificates in respect of PYE BVI Shares, in their fully-paid form, and cheques in respect of the Cash Alternative are expected to be sent to the addresses as shown on the register of members of the Company by ordinary post at the risk of such shareholders on or around 12 March 2013.

RESULTS OF THE SCRIP ALTERNATIVE

The Board of the Company also wishes to inform its shareholders that as at 4:00 p.m. on Wednesday, 27 February 2013, being the latest time for election to receive the Scrip Alternative, 1,438,021 Shares are to be distributed to the Eligible Qualifying Shareholders, whose names appeared on the register of members of Company on 4 February 2013, being the Record Date, who have elected to receive Shares pursuant to the Scrip Alternative.

These Shares represent approximately 0.04% of the existing issued share capital of the Company and approximately 0.04% of the total issued share capital of the Company as enlarged by the Shares issued pursuant to the Scrip Alternative.

DESPATCH OF SHARE CERTIFICATES

An application has been made to the Stock Exchange for granting listing of and permission to deal in the Shares to be allotted pursuant to the Scrip Alternative. Certificates in respect of Shares and cheques in respect of cash dividends are expected to be sent to the addresses of Qualifying Eligible Shareholders as shown on the register of members of the Company by ordinary post at the risk of such shareholders on or around 12 March 2013. You may deal in the Shares to be issued to you upon receipt of the relevant share certificate.

Dealings in Shares are expected to commence on 13 March 2013.

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

Hong Kong, 1 March 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