



## **FILM PRODUCTION COMPANY LEGENDARY EAST TO RAISE US\$220.5 MILLION THROUGH HONG KONG-LISTED PAUL Y. ENGINEERING**

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### **PROPOSED JOINT VENTURE TO PRODUCE WORLD-CLASS ENGLISH LANGUAGE FILMS INFLUENCED BY CLOSE TIES TO CHINA**

Hong Kong/Los Angeles, August 21, 2011 – Leading global media company Legendary Entertainment (“Legendary”) and Hong Kong-listed Paul Y. Engineering Group Limited (“PYE”) (HKSE stock code: 577), today announced PYE as a potential new investor in Hong Kong-based joint venture, Legendary East Ltd. (“Legendary East”). PYE will acquire a 50% interest in Legendary East for a total consideration of US\$220.5 million. This will be funded by a proposed placing of new shares by PYE to private equity firm AID Partners, and through UBS AG, to other institutional and professional investors. Legendary East also intends to establish a credit facility to fund film productions and operations.

At closing, Legendary East will be jointly held by Legendary and members of Legendary East management (40.1%), PYE (50%) and Huayi Brothers International Limited (“Huayi Brothers”) (9.9%). AID Partners has entered into a subscription agreement to invest US\$35 million in PYE, and will become a significant shareholder of PYE.

Legendary East was recently established as the Asia arm of leading global filmmakers Legendary Pictures, with a focus on developing and producing world-class English-language films that tap into the powerful fandom demographic and draw on Legendary’s Chinese ties. The company is the vision of Thomas Tull, Legendary Entertainment Chairman and CEO, who along with Chinese born Hong Kong media and finance entrepreneur Kelvin Wu, created the venture. Legendary East initially plans on producing one to two major, event-style films annually for worldwide audiences, beginning in 2013.

Thomas Tull, Chairman and CEO of Legendary Entertainment and Chairman of Legendary East commented, “We are very pleased that PYE has committed to Legendary East. This is another important milestone following the recent announcement of Legendary East’s formation. We share a common vision with PYE – that with China’s rapid economic growth and rich cultural background, this is a filmmaking marketplace on the rise. We are committed to China and the surrounding region for the long run, and to producing entertainment that is globally appealing in quality, scale and impact.”

Tom Lau, Deputy Chairman of PYE, said, “This proposal to invest in Legendary East is not only highly value accretive to the PYE shareholders, it also offers an attractive opportunity to diversify and refocus PYE’s business activities to take advantage of the lucrative potential of the filmmaking business in China. We believe that the combination of Legendary’s world-class experience in film

production, and Huayi Brothers' local production and distribution capabilities in China, represents a very strong opportunity for PYE's future growth."

Kelvin Wu, Principal Partner of AID Partners and who will become Legendary East's CEO, said, "AID Partners will be investing US\$35 million in Legendary East via PYE, demonstrating our tremendous confidence in this venture and in the opportunities for Legendary East to deliver large scale, world-class films out of the Greater China region. With the combined support of Legendary Entertainment and its highly successful business model, and the rapid growth of the Chinese film market, we are excited to be in Hong Kong and to contribute to its momentum to regain its status as the Hollywood of the East."

Legendary East's local co-production and distribution partner in China will be its strategic shareholder – Huayi Brothers, a leading Chinese film conglomerate. Distribution of the films in all other parts of the globe is anticipated to be handled by Warner Bros. Pictures, with whom Legendary has a long-standing relationship.

The joint venture will initially have five board members, with two appointed by Legendary, two appointed by PYE and one appointed by Huayi Brothers. The board will collaborate closely with a seasoned management team at Legendary East who have significant experience working with Hollywood studios as well as Western and Chinese entertainment companies.

Legendary East was advised in the proposed placing and structuring of new shares by PYE by financial advisors Centerview Partners LLC. Legendary was advised in the structuring and formation of Legendary East by Goldman, Sachs & Co. Both Legendary and Legendary East were advised by lawyers O'Melveny & Myers LLP in Los Angeles and Hong Kong. Anglo Chinese Corporate Finance, Limited is the financial advisor and Reed Smith Richards Butler is the legal advisor to PYE. UBS AG is the placing agent for PYE. Paul, Weiss, Rifkind, Wharton & Garrison LLP advised Goldman, Sachs & Co.

The transaction is subject to the fulfillment of certain conditions, including approval from PYE's shareholders at a Special General Meeting.

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### **About Legendary Entertainment**

Legendary Entertainment is a leading media company with film (Legendary Pictures), television (Legendary Television) and comics (Legendary Comics) divisions dedicated to owning, producing and delivering content to mainstream audiences with a targeted focus on the powerful fandom demographic. Through complete or joint ownership, Legendary is building a library of marquee media properties and has established itself as a trusted brand which consistently delivers high-quality, commercial entertainment. Among the wholly-owned projects that Legendary Pictures is currently developing in-house are an adaptation of the phenomenally successful interactive game universe *Warcraft*; *Godzilla*, based on Toho Company's famed character; *Pacific Rim* directed by Guillermo del Toro; *Paradise Lost* directed by Alex Proyas; *Seventh Son* directed by Sergei Bodrov; Warren Ellis' *Gravel*; and *Mass Effect*, based on Electronic Arts' and BioWare's hit videogame franchise. With partner Warner Bros., Legendary's productions include the critically acclaimed *Inception*, which has been a box office smash grossing more than \$823 million worldwide, as well as the global blockbusters *Clash of the Titans* (\$493 million worldwide), *The Dark Knight* (\$1 billion

worldwide), *300* (\$456 million worldwide), *The Hangover* (\$467 million worldwide), and the recent smash hit, *The Hangover Part II* (\$575 million worldwide), which holds the distinction of posting the highest opening weekend gross ever for a comedy film. This Fall, Legendary Comics will issue its inaugural release with Frank Miller's *Holy Terror* and it has a slate of other books in its publishing line-up.

### **About Legendary East**

Legendary East Ltd., a standalone entertainment company, is dedicated to creating feature films and related content for a worldwide audience.

### **About Paul Y. Engineering**

Established in 1946, PYE is an international engineering and property services group, with three core business functions: management contracting, property development management and property investment in Hong Kong, Macau and the Mainland China. PYE serves a wide spectrum of distinguished clients, including the government and major enterprises. For over 60 years, PYE has played a significant role in shaping Hong Kong's skyline and its world-class infrastructure. For more information, please refer to [www.pyengineering.com](http://www.pyengineering.com).

### **US/Worldwide Media Enquiries**

#### **Principal Communications Group**

Melissa Zukerman

[Melissa@pcommgroup.com](mailto:Melissa@pcommgroup.com)

Tel: +1 323 658 1555

Paul Pflug

[Paul@pcommgroup.com](mailto:Paul@pcommgroup.com)

### **Hong Kong/China Media Enquiries**

#### **Edelman Public Relations**

Jessica Riddiford

Email: [jessica.riddiford@edelman.com](mailto:jessica.riddiford@edelman.com)

Tel: +852 6021 1962 / 2837 4771

Sophie Wong

Email: [sophie.wong@edelman.com](mailto:sophie.wong@edelman.com)

Tel: +852 6231 0948 / 2837 4772