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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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of Paul Y. Engineering Group Limited (the “Company”) will be held at Empire Room 1, 1st Floor, Empire Hotel Hong Kong • Wan Chai, 33 Hennessy Road, Wan Chai, Hong Kong on Thursday, 6 September 2012 at 10:00 a.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and auditors for the year ended 31 March 2012.
2. To declare the final dividend for the year ended 31 March 2012.
3. To re-elect Ir James Chiu as a director of the Company.
4. To re-elect Mr Chan Fut Yan as a director of the Company.
5. To authorise the board of directors of the Company to fix the directors’ remuneration.
6. To re-appoint auditors and to authorise the board of directors of the Company to fix their remuneration.
7. As special business, to consider and, if thought fit, to pass the following resolutions as ordinary resolutions of the Company:

(A) **“THAT:**

- (i) subject to sub-paragraph (iii) of this resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or

grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which would or might require the exercise of such powers, subject to and in accordance with all applicable laws and the bye-laws of the Company, be and is hereby generally and unconditionally approved;

- (ii) the approval in sub-paragraph (i) of this resolution shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which would or might require the exercise of such powers after the end of the Relevant Period;
- (iii) the aggregate nominal amount of the share capital of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the directors of the Company pursuant to the approvals in sub-paragraphs (i) and (ii) of this resolution, otherwise than pursuant to a Rights Issue (as hereinafter defined) or an issue of shares of the Company under the share option scheme of the Company or an issue of shares upon exercise of subscription rights attached to warrants which might be issued by the Company or an issue of shares of the Company by way of any scrip dividend pursuant to bye-laws of the Company from time to time, shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of this resolution, and the said approval shall be limited accordingly; and
- (iv) for the purpose of this resolution:

“Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws of Bermuda to be held; or
- (c) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to holders of shares on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

(B) **“THAT:**

- (i) subject to sub-paragraph (ii) of this resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase issued shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the securities of the Company may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (ii) the approval in paragraph (i) shall be in addition to any other authorization given to the directors of the Company and shall authorise the directors of the Company on behalf of the Company during the Relevant Period to procure the Company to purchase its securities at a price determined by the Directors;
- (iii) the aggregate nominal amount of the share capital of the Company which the directors of the Company are authorised to repurchase pursuant to the approval in sub-paragraphs (i) and (ii) of this resolution shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of this resolution, and the said approval shall be limited accordingly; and
- (iv) for the purpose of this resolution:

“Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;

- (b) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws of Bermuda to be held; or
 - (c) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”
 - (C) “**THAT** conditional upon resolutions numbered 7(A) and 7(B) as set out in the notice convening this meeting being passed, the aggregate nominal amount of the issued shares in the capital of the Company which are repurchased by the Company under the authority granted to the directors of the Company pursuant to and in accordance with the said resolution numbered 7(B) above shall be added to the aggregate nominal amount of the share capital that may be allotted, issued or dealt with or agreed conditionally or unconditionally to be allotted, issued and dealt with by the directors of the Company pursuant to and in accordance with the resolution numbered 7(A) as set out in the notice convening this meeting.”
8. As special business, to consider and, if thought fit, to pass the following resolutions as special resolutions of the Company:

“(A) **THAT** the existing Bye-laws of the Company be and are hereby amended in the following manner:

(a) *Bye-law 3*

By deleting the existing Bye-law 3(3) in its entirety and replacing therewith the following:

“(3) Subject to compliance with the rules of the Designated Stock Exchange and any other relevant regulatory authority, the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company.”

(b) *Bye-law 6*

By deleting the existing Bye-law 6 in its entirety and replacing therewith the following:

“6. The Company may from time to time by special resolution, subject to any confirmation or consent required by law, reduce its issued share capital or, save for the use of share premium as expressly permitted by the Act, any share premium account or other undistributable reserve in any manner permitted by law.”

(c) *Bye-law 16*

By adding the words “or with the Seal printed thereon” after the words “Every share certificate shall be issued under the Seal or a facsimile thereof” in the first line of the existing Bye-law 16.

(d) *Bye-law 44*

By deleting the existing Bye-law 44 in its entirety and replacing therewith the following:

“44. The Register and branch register of Members, as the case may be, shall be open to inspection between 10 a.m. and 12 noon during business hours by Members and members of the public without charge at the Office or such other place at which the Register is kept in accordance with the Act. The Register including any overseas or local or other branch register of Members may, after notice has been given by advertisement in an appointed newspaper and where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange or by any means in such manner as the Board may, from time to time, determine and as may be accepted by the Designated Stock Exchange to that effect, be closed for inspection at such times or for such periods not exceeding in the whole thirty (30) days in each year as the Board may determine and either generally or in respect of any class of shares.”

(e) *Bye-law 46*

By adding the words “in any manner permitted by and in accordance with the rules of the Designated Stock Exchange or” immediately after the words “transfer all or any of his shares” in the first line of existing Bye-law 46.

(f) *Bye-law 51*

By deleting the words “an appointed newspaper and, where applicable, any other newspapers” after the words “given by advertisement in” in the second line of existing Bye-law 51 and replacing therewith the words “any newspapers”.

(g) *Bye-law 63*

By replacing the first two sentences in existing Bye-law 63 with the following:

“The president of the Company or the chairman, if one is appointed, shall preside as chairman at every general meeting. If at any meeting the president or the chairman, as the case may be, is not present within fifteen (15) minutes after the time appointed for holding the meeting, or if neither of them is willing to act as chairman, or if no such officer is appointed, the Directors present shall choose one of their number to act, or if one Director only is present he shall preside as chairman if willing to act.”

(h) *Bye-law 76(2)*

By adding the words “the Company has knowledge that” after the word “Where” at the beginning of the existing Bye-law 76(2).

(i) *Bye-law 86(1)*

By deleting the third sentence in existing Bye-law 86(1) in its entirety and replacing therewith the following:

“The Directors shall be elected or appointed in the first place at the statutory meeting of Members and thereafter at the annual general meeting in accordance with Bye-law 87 or at any general meeting called for the purposes and who shall hold office for such term as the Members may determine or, in the absence of such determination, in accordance with Bye-law 87 or until their successors are elected or appointed or their office is otherwise vacated.”

(j) *Bye-law 86(4)*

By deleting the existing Bye-law 86(4) in its entirety and replacing therewith the following:

“The Members may, at any general meeting convened and held in accordance with these Bye-laws, by ordinary resolution remove a Director at any time before the expiration of his period of office notwithstanding anything to the contrary in these Bye-laws or in any agreement between the Company and such Director (but without prejudice to any claim for damages under any such agreement) provided that the notice of any such meeting convened for the purpose of removing a Director shall contain a statement of the intention so to do

and be served on such Director fourteen (14) days before the meeting and at such meeting such Director shall be entitled to be heard on the motion for his removal.”

(k) *Bye-law 92*

By deleting the words “the next annual election of Directors or, if earlier, the date on which the relevant Directors ceases” and replacing therewith the following: “the happening of any event which, if he were a Director, would cause him to vacate such office or if his appointor ceases for any reason” after the words “the office of alternate Director shall continue until” in the third sentence of the existing Bye-law 92.

(l) *Bye-law 103*

- (i) by deleting the words “or any of its subsidiaries” from the existing Bye-law 103(1)(iv);
- (ii) by deleting the existing Bye-law 103(1)(v) in its entirety;
- (iii) by re-numbering the existing Bye-law 103(1)(vi) and (vii) as Bye-law 103(1)(v) and (vi) respectively; and
- (iv) by deleting the existing Bye-laws 103(2) and (3) in their entirety and by re-numbering the existing Bye-law 103(4) as Bye-law 103(2).

(m) *Bye-law 115*

By deleting the second sentence in the existing Bye-law 115 in its entirety and replacing therewith the following:

“The Secretary shall convene a meeting of the Board of which notice may be given in writing or by telephone or via electronic mail or in such other manner as the Board may from time to time determine whenever he shall be required so to do by any Director.”

(n) *Bye-law 127*

- (i) by deleting the words “the president and vice-president or chairman and deputy chairman,” from sub-paragraph (1) of existing Bye-law 127;
- (ii) by deleting sub-paragraph (2) of existing Bye-law 127 in its entirety; and

(iii) by re-numbering existing Bye-laws 127(3) and 127(4) as Bye-laws 127(2) and 127(3) respectively.

(o) *Bye-law 129*

By deleting the existing Bye-law 129 in its entirety and replacing therewith the words “[intentionally deleted]”.

(p) *Bye-law 132*

(i) by deleting the words “and of the date on which it occurred” at the end of the existing bye-law 132(2); and

(ii) by deleting the words “on every business day” from the existing Bye-law 132(3) and replacing therewith the words “during business hours”.

(q) *Bye-law 138*

By deleting the words “the aggregate of its liabilities and its issued share capital and share premium account” in existing Bye-law 138 and replacing therewith the words “its liabilities”.

(r) *Bye-law 148*

By deleting the words “and subject to Section 40(2A) of the Act” from the existing Bye-law 148.

(s) *Bye-law 157*

By deleting the existing Bye-law 157 in its entirety and replacing therewith the following:

“157. If the office of auditor becomes vacant by the resignation or death of the Auditor, or by his becoming incapable of acting by reason of illness or other disability at a time when his services are required, the Directors shall fill the vacancy and fix the remuneration of the Auditor so appointed.”

(t) *Bye-law 161*

By replacing the word “notice” wherever it appears in the existing Bye-law 161 with the word “Notice”.

(u) *Bye-law 162(2)*

By replacing the word “notice” wherever it appears in the existing Bye-law 162(2) with the word “Notice”.

(B) **THAT** the Bye-laws in the form produced to the meeting and signed by the Chairman of the Meeting for identification purposes consolidating all of the proposed amendments referred to in Special Resolution 8(A) above and all previous amendments made pursuant to resolutions passed by the shareholders of the Company in general meetings, be and are hereby adopted as the new Bye-laws of the Company in substitution for and to the exclusion of all the existing bye-laws of the Company with immediate effect.

9. To transact any other ordinary business of the Company.

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

Hong Kong, 25 July 2012

Principal Place of Business:
16th Floor, Paul Y. Centre
51 Hung To Road
Kwun Tong, Kowloon
Hong Kong

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Notes:

1. Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. Proxy need not be a member of the Company.
2. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, shall be deposited at the Company’s principal place of business in Hong Kong at 16th Floor, Paul Y. Centre, 51 Hung To Road, Kwun Tong, Kowloon, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting at which the person named in the instrument purposes to vote.

3. The register of members of the Company will be closed for the purpose of determining the entitlements to the proposed final dividend from Monday, 17 September 2012 to Wednesday, 19 September 2012, both dates inclusive, during which period no transfers of shares shall be effected. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant shares certificates must be lodged for registration with the Company's share registrar in Hong Kong, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 4:00 p.m. on Friday, 14 September 2012.

As at the date of this notice, the Directors of the Company are:

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

* *For identification purpose only*