



News Release

PYI and Paul Y. Engineering Announce Lapse of Film Joint Venture Investment

(29 December 2011, Hong Kong) – Bulk cargo port and infrastructure group **PYI Corporation Limited** (“PYI”, 0498.HK) and its subsidiary, **Paul Y. Engineering Group Limited** (“PYE”, 0577.HK) announced the Independent Placing Agreement, the AID Subscription Agreement and the Legendary East Subscription Agreement, each as entered into by PYE, will lapse or be terminated with effect from the long stop date of 31 December 2011. Accordingly, the Distribution in Specie (or the Cash Alternative) and the Cash Dividend (or the Scrip Alternative) will no longer proceed as they are conditional on completion of the Placing on or before 31 December 2011.

PYE will remain in its present form and its shares should trade on the same basis as they did prior to the joint announcement dated 21 August 2011. PYE will not, at this stage, be investing any cash in Legendary East Ltd. (“Legendary East”) However, some or all of the parties to the Joint Venture Agreements may continue, in the near term, to discuss potential changes to the transaction structure with a view to agreeing upon prospective terms for a modified film joint venture, with the goal of relaunching a placing exercise in 2012. Both PYE and PYI will make further announcements if such changes are agreed and will likely seek fresh approvals from their respective shareholders on any new transactions.

With PYE not proceeding with the Placing at this time, PYI’s shareholding interest in PYE remains at approximately 61.92%. Moreover, with the Distribution in Specie not proceeding, PYI will be under no obligation to purchase shares in Paul Y. Engineering (BVI) Limited, the holding company of the existing businesses of PYE, pursuant to its deed of undertaking.

Ir James Chiu, Chairman of PYE, said, “Although the Placing has received a positive and substantial response, it was not sufficient to complete the Placing and we anticipate that under the current difficult environment of the capital markets the Placing will not be able to close before the long stop date, being 31 December 2011. However, we maintain that diversification with an investment in Legendary East is beneficial to PYE. We intend to work out an improved structure with the goal of relaunching the transactions.”

Mr. Tom Lau, Chairman and Managing Director of PYI, said, “PYI will continue to work with PYE to capture future growth opportunities and to deliver sustainable long-term value for shareholders. Hopefully, with improved terms and under more favourable market conditions, PYE will be able to relaunch a placing exercise in 2012.”

Pending an announcement by PYE as to the outcome of discussions concerning a prospective revival of the film joint venture and new placing arrangements, shareholders and potential investors are advised to exercise caution when dealing in the shares of PYE and PYI.

For the announcement issued by PYI Corporation Limited and Paul Y. Engineering Group Limited on 29 December 2011, please click [here](#).

For the announcement on unusual price and trading volume movements and resumption of trading issued by Paul Y. Engineering Group Limited on 30 November 2011, please click [here](#).

For the announcement on price sensitive information and resumption of trading issued by PYI Corporation Limited on 30 November 2011, please click [here](#).

For the announcement on ex-entitlement of shares issued by Paul Y. Engineering Group Limited on 21 November 2011, please click [here](#).

For the update announcement on book closure period issued by Paul Y. Engineering Group Limited on 18 November 2011, please click [here](#).

For the announcement on poll results of PYE SGM issued by Paul Y. Engineering Group Limited on 15 November 2011, please click [here](#).

For the circular issued by Paul Y. Engineering Group Limited on 24 October 2011, please click [here](#).

For the update announcement issued by PYI Corporation Limited and Paul Y. Engineering Group Limited on 23 October 2011, please click [here](#).

For the announcement on poll results of PYI SGM issued by PYI Corporation Limited on 17 October 2011, please click [here](#).

For the circular issued by PYI Corporation Limited on 23 September 2011, please click [here](#).

For the official announcement issued by PYI Corporation Limited and Paul Y. Engineering Group Limited on 21 August 2011, please click [here](#).

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Notes to editors:

PYI Corporation Limited (0498.HK)

Based in Hong Kong, PYI Corporation Limited focuses on infrastructure investment in and the operation of bulk cargo port and logistics facilities in the Yangtze River region of China. It also engages in land and property development and investment. In addition, PYI provides comprehensive engineering and property-related services through Paul Y. Engineering Group Limited (0577.HK). For more information about PYI, please visit www.pyicorp.com.

Paul Y. Engineering Group Limited (0577.HK)

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.