



News Release

MOU between PYI and Chongqing Port Logistics Group To develop bulk cargo port and logistics business in the City of Chongqing

“A valuable entry for PYI into the upstream of the Yangtze and Western China”

(5 September 2007, Hong Kong) – **PYI Corporation Limited** (0498.HK), a bulk cargo port and infrastructure operation group, announced that it has signed a Memorandum of Understanding with **Chongqing Port Logistics Group** to jointly develop bulk cargo port and logistics business in Chongqing.

Under the MOU, PYI and Chongqing Port Logistics Group intend to cooperate in the following areas:

- Financing the Phase 3 expansion of the Hongxigou (紅溪溝) bulk cargo terminals in Wanzhou District (萬州區) of Chongqing Port Logistics Group by way of a PYI cash injection.
- Further consolidating the bulk cargo ports in Chongqing by acquisitions.
- Jointly developing a new logistics park in Chongqing to make it the future logistics hub in Western China; and
- Jointly redeveloping the Central Port District in Chaotianmen (朝天門) to become a new tourist and commercial centre of Chongqing.

Commenting on the joint venture, **Mr. Liang Chongyou, Chairman of Chongqing Port Logistics Group** said, “It will be a great opportunity for our bulk cargo port operations in the upstream region to strategically align with those of PYI in the Yangtze Delta. Furthermore, the development and engineering capabilities of PYI will no doubt accelerate the expansion process of Chongqing Port.”

Mr. Tom Lau, Managing Director of PYI said, “Chongqing is the gateway between the Western Region and the Yangtze while Chongqing Port Logistics Group commands a dominating position in upstream Yangtze. We see great prospects in the synergy between this new collaboration in Chongqing and our bulk cargo ports network in midstream and the delta of the Yangtze. Furthermore, the Chaotianmen Central Port District redevelopment will provide Paul Y. Engineering (0577.HK) with valuable entry into the property sector in this leading city in Western China. This opportunity will no doubt give PYI a strong foothold in upstream Yangtze and allow PYI to participate in the long term regional development programs for Western China.”

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Notes to editors:

About 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 in China. It also engages in land and property development in association with port facilities. In addition, PYI provides comprehensive engineering and construction services through Paul Y. Engineering Group Limited (0577.HK).

About Paul Y. Engineering Group Limited (0577.HK)

Established in 1946, Paul Y. Engineering is an international engineering services group serving Hong Kong, China and the international market with its 60 years of expertise. It has three core areas of business: Management Contracting, Project Management and Facilities Management. With a vast pool of professional

resources, Paul Y. Engineering has developed expertise in handling complex development and construction projects.

About Chongqing Port Logistics Group

Chongqing Port Logistics Group is one of the significant state-owned enterprises in Chongqing, principally engaging in port and terminal construction, operation and investment, logistics, travel and real estate. The main categories handled by Chongqing Port Logistics Group are containers, steel, iron ore and chemicals, etc. Being the leading trans-shipment port and container hub port in upstream of Yangtze River, it handled cargo 21 million tonnes and 313,000 TEUs in 2006, accounting for 36.7% and 93.2% of Chongqing's total cargo and container throughput respectively.

About the City of Chongqing

Chongqing is one of the four municipalities directly under the supervision of the central government. Situated in the upper reaches of the Yangtze River at the confluence of the Yangtze and Jialing Rivers, it is known as a "City on Rivers". Chongqing has long been a major trading inland port, connecting the western provinces and eastern China. Chongqing now is southwest China's largest industrial and commercial centre, communication hub and inland port serving the large hinterland of western China.

PYI's strategic presence along Yangtze River and the location of new project in Chongqing

