



News Release

PYI Disposes 50.1% Interest in Yangkou Port *Further Crystallizing the Value of the Yangkou Port Development*

(1 February 2011, Hong Kong) – Bulk cargo port and infrastructure group **PYI Corporation Limited** (“PYI”) (0498.HK) announced today that it has entered into a conditional agreement with Rudong County Ritai Infrastructure Development and Investment Co., Ltd., a state-owned infrastructure investment company in Rudong county of Nantong, for the disposal of 50.1% interest in Yangkou Port at a consideration of RMB1,507 million (HK\$1,773 million) on 31 January 2011. Upon completion, PYI’s equity interest in Yangkou Port will decrease from 60% to 9.9%. The disposal constitutes a very substantial disposal of PYI and requires shareholders’ approval.

The consideration is equivalent to HK\$0.39 per share and represents:

- 101% of 50.1% of PYI’s net carrying value of Yangkou Port at 30 September 2010, plus capital injections thereafter and estimated cost to completion together with all applicable PRC taxes;
- 332% of 50.1% of registered capital of Yangkou Port at date of agreement;
- 40% of shareholders’ funds of PYI at 30 September 2010; and
- 94% of market capitalization of PYI at date of agreement.

Payment term will be 50% upon completion; 10% on 31 December 2011; 20% on 31 December 2012; and 20% on 31 December 2013. The sale proceeds will be used to reduce corporate debt, to finance working capital and investments in other areas of operations as well as to finance a possible return of capital to or share repurchase from the shareholders.

Mr. Tom Lau, Managing Director of PYI, said, “Yangkou Port overcame various risks throughout the development process and successfully completed major infrastructures for port development including man-made island, Yellow Sea Crossing and harbour-front industrial zone. In 2008, Yangkou Port achieved soft opening of its navigation channel and a general cargo berth in operation. PetroChina’s LNG facilities are expected to commence operations within the first half of 2011. It is now an opportune time for PYI to re-assess our commitment to the development of Yangkou Port.”

Mr. Lau added, “The disposal allows PYI to monetize the fair value gains booked in the previous years. Following completion, not only would the sale proceeds strengthen our financial positions, HK\$1,171 million of bank borrowing and HK\$464 million of corporate guarantee would also be eliminated. Furthermore, the deferred consideration would allow PYI to maintain a short to medium term foreign exchange link with the RMB.”

Dr. Joseph Chow, Chairman of PYI, said, “We disposed of 15% interest in Yangkou Port at RMB300 million in December 2009. This further disposal of 50.1% interest is a good opportunity for PYI to further crystallize the value of our investment in Yangkou Port and to focus our resources in the operation and development of other ports and port-related business along the Yangtze River in future. PYI will continue to enjoy the future growth of Yangkou Port through the remaining 9.9% interest, which will be held for long term investment purpose. With the strengthened financial capacity, PYI will continue to maximize our shareholder’s value through effective implementation measures on our Yangtze Strategy.”

For more detail, please click [here](#) to download the announcement issued by PYI Corporation Limited on 1 February 2011.

For details about the disposal of 15% interest in Yangkou Port, please click [here](#) to download the announcement issued by PYI Corporation Limited on 29 December 2009.

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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 in association with port facilities. 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.

Yangkou Port (60% owned)

Yangkou Port is a natural deep-sea harbour on Jiangsu's eastern coast. The project comprises mainly a harbour-front industrial and logistics park of 30 sq km, the 13 km Yellow Sea Crossing and a 1.4 sq km man-made island connected to 29 berths in the deep draft port district. Strategically located near the mouth of the Yangtze River, Yangkou Port is ideally situated to become one of China's largest trans-shipment hubs for dry and liquid bulk cargoes. The Xiao Yangkou development, with an area of 11.5 sq km, will position as a resort district. PYI builds, owns and operates Yangkou Port. The port has declared soft opening in October 2008. For more information, please visit www.yangkouport.com.