



News Release

PYI Subsidiary Paul Y. Engineering to Invest US\$220.5 million in Legendary East

Refocusing to Take Advantage of the Lucrative Potential of Filmmaking Business in China

(21 August 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 that PYE has proposed an acquisition of a 50% interest in a new film joint venture, **Legendary East Ltd.** (“Legendary East”) for a total consideration of US\$220.5 million (“Acquisition”).

The Acquisition will be funded by a proposed placing by PYE of up to 3,180 million new shares through UBS AG, to institutional and professional investors (“Placing”); and subscription of up to 420 million new shares by private equity firm AID Partners (“Subscription”), both at the price of HK\$0.65/share, raising a gross proceed of up to HK\$2,340 million.

PYE also declared a special cash dividend of HK\$0.25 per existing share (“Cash Dividend”) with a scrip option to subscribe for new shares at HK\$0.65/share. The Acquisition, Placing, Subscription and Cash Dividend are inter-conditional on each other and will be subject to the approval by PYE shareholders.

The Placing and Subscription, which will lead to a deemed very substantial disposal for PYI, is also subject to the approval by PYI shareholders. Upon completion, PYI’s equity interest in PYE will be diluted from 61.92% to up to 8.93% and PYE will cease to be a subsidiary of PYI.

PYE also proposed to effect a distribution in specie to the PYE shareholders of 49% of PYE BVI, an unlisted company under which the entire existing construction, civil engineering and property-related businesses are held (“Distribution”). The Distribution is equivalent to a gross value of about HK\$297 million or HK\$0.49/share. Upon completion of the Distribution, PYE BVI will be held as to 51% by PYE, 30.34% by PYI and 18.66% by other PYE shareholders. With a view to provide liquidity to the other PYE shareholders, PYI has undertaken to acquire up to the full 18.66% stake held by them at the price of HK\$0.30/share, for an aggregate cash sum of up to HK\$69 million (“Cash Alternative”). The Distribution, which is subject to the approval by the PYE shareholders other than PYI and is conditional on the completion of the Acquisition, Placing, Subscription and Cash Dividend.

The entire proposal inclusive of the Distribution, when completed, would deliver an aggregate value of HK\$1.39/share to the PYE shareholders, comprising the Cash Dividend of HK\$0.25/share, Distribution in Specie with a value of HK\$0.49/share and an anticipated value of PYE shares equivalent to the Placing price of HK\$0.65/share; or HK\$1.20/share for those PYE shareholders who wish to choose the Cash Alternative.

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. Upon completion, Legendary East will be jointly held by PYE 50%, Legendary Entertainment and members of Legendary East management 40.1% and Huayi Brothers International Limited 9.9%. 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.

Ir James Chiu, Chairman of PYE, said, "The proposal as a whole unlocks significant amount of value to our shareholders. It allows PYE to diversify while maintaining a majority interest in the existing businesses. This investment in Legendary East represents a significant refocusing of PYE's business activities to take advantage of the lucrative potential of the filmmaking business in China. 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."

Upon completion of the proposal, PYI will enjoy a gain of about HK\$158 million before transaction costs, based on HK\$0.65/share and net carrying value of PYE at 31 March 2011.

Mr. Tom Lau, Managing Director of PYI, said, "We support PYE's proposal, which generates a significant value uplift and liquidity for PYI and the other PYE shareholders as a whole. We believe the refocusing of PYE will ultimately benefit both PYI and PYE. PYI will enjoy the growth from the new development of PYE while maintain significant direct interests in its existing engineering and construction businesses, which have been consistently profitable in recent years. PYI will work with PYE to capture future growth opportunities and to deliver sustainable long-term value for shareholders."

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

For the news release issued by Legendary Entertainment 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.