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If you have sold or transferred all your shares in **PYI Corporation Limited** (the "Company"), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank manager, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.



PYI Corporation Limited

(Incorporated in Bermuda with limited liability)
(Stock code: 498)

NOTICE OF ANNUAL GENERAL MEETING

**PROPOSALS FOR
RE-ELECTION OF RETIRING DIRECTORS,
REMUNERATION OF DIRECTORS,
GENERAL MANDATES TO ISSUE SHARES AND
TO REPURCHASE SHARES,
REFRESHMENT OF 10% LIMIT ON GRANT
OF OPTIONS UNDER THE PYI SHARE OPTION SCHEME
AND
REFRESHMENT OF 10% LIMIT ON GRANT
OF OPTIONS UNDER THE PYE SHARE OPTION SCHEME**

A notice convening the annual general meeting of the Company to be held at JW Marriott Ballroom on Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Thursday, 20 September 2007 at 2:30 p.m. is set out on pages 15 to 18 of this circular. If you are not able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the principal place of business of the Company in Hong Kong at 31st Floor, Paul Y. Centre, 51 Hung To Road, Kwun Tong, Kowloon, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

31 July 2007

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“2006 AGM”	the annual general meeting of PYI held on 8 September 2006
“2007 AGM”	the annual general meeting of PYI to be held at JW Marriott Ballroom on Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Thursday, 20 September 2007 at 2:30 p.m., notice of which is set out on pages 15 to 18 of this circular
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company
“Company” or “PYI”	PYI Corporation Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Director(s)”	director(s) of the Company
“Eligible Person(s)”	any employee (whether full time or part time), executive or officer, director (including executive, non-executive and independent non-executive directors) of any member of the Group or any Invested Entity and any celebrity, consultant, adviser or agent of any member of the Group or any Invested Entity, who, in the sole discretion of the Board, have contributed or will contribute to the growth and development of the Group or any Invested Entity
“General Mandates”	the general mandate to issue Shares and Securities Repurchase Mandate to be sought at the 2007 AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Invested Entity”	any entity in which the Group holds an equity interest
“Latest Practicable Date”	27 July 2007, being the latest practicable date for ascertaining certain information in this circular prior to its publication
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Paul Y. Engineering”	Paul Y. Engineering Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“PYE 2007 AGM”	the annual general meeting of Paul Y. Engineering to be held at Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong on Tuesday, 4 September 2007 at 10:00 a.m.
“PYE Refreshment”	proposal by Paul Y. Engineering for refreshment of the 10% limit on grant of options under the PYE Share Option Scheme and all other share option scheme(s) of Paul Y. Engineering
“PYE Share Option Scheme”	the share option scheme adopted by Paul Y. Engineering on 7 September 2005

DEFINITIONS

“PYI Share Option Scheme”	the share option scheme of the Company adopted on 27 August 2002
“Securities Repurchase Mandate”	the proposed new general mandate to be sought at the 2007 AGM to authorise the Directors to repurchase the Shares in the manner as set out in the notice of the 2007 AGM
“Scheme Mandate Limit”	10% of the issued Share Capital as at the date of adoption of the PYI Share Option Scheme/date of approval of the refreshment of the scheme mandate limit (as the case may be) which may be issued upon exercise of all options granted/ to be granted under the PYI Share Option Scheme and any other scheme(s) of the Company
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Capital”	the aggregate nominal amount of the share capital of the Company
“Share(s)”	ordinary share(s) of HK\$0.10 each in the Share Capital
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers

LETTER FROM THE BOARD



PYI Corporation Limited

(Incorporated in Bermuda with limited liability)
(Stock code: 498)

Chow Ming Kuen, Joseph *OBE, JP*
(Chairman and Independent Non-Executive Director)
Lau Ko Yuen, Tom
(Deputy Chairman and Managing Director)
Chan Kwok Keung, Charles
(Non-Executive Director)
Kwok Shiu Keung, Ernest
(Independent Non-Executive Director)
Chan Shu Kin
(Independent Non-Executive Director)
Leung Po Wing, Bowen Joseph *GBS, JP*
(Independent Non-Executive Director)
Li Chang An
(Independent Non-Executive Director)

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

*Principal place of business
in Hong Kong:*
31st Floor, Paul Y. Centre
51 Hung To Road
Kwun Tong
Kowloon
Hong Kong

31 July 2007

*To the Shareholders and,
for information only, holders of
share options of PYI*

Dear Sir or Madam,

**NOTICE OF ANNUAL GENERAL MEETING
PROPOSALS FOR
RE-ELECTION OF RETIRING DIRECTORS,
REMUNERATION OF DIRECTORS,
GENERAL MANDATES TO ISSUE SHARES AND
TO REPURCHASE SHARES,
REFRESHMENT OF 10% LIMIT ON GRANT OF OPTIONS
UNDER THE PYI SHARE OPTION SCHEME
AND
REFRESHMENT OF THE 10% LIMIT ON GRANT OF OPTIONS
UNDER THE PYE SHARE OPTION SCHEME**

INTRODUCTION

The purpose of this circular is to give you notice of the 2007 AGM, and information on matters to be dealt with at the 2007 AGM. They are: (a) re-election of the retiring Directors; (b) remuneration of Directors; (c) grant of General Mandates; (d) refreshment of the Scheme Mandate Limit; and (e) the PYE Refreshment.

RE-ELECTION OF RETIRING DIRECTORS

The Board currently consists of seven Directors, including:

- (i) the only executive director, Mr Lau Ko Yuen, Tom, Deputy Chairman and Managing Director. He was last re-elected at the Company's annual general meeting in 2004 and his term of office will expire at the conclusion of the 2007 AGM;

LETTER FROM THE BOARD

- (ii) one non-executive Director, Dr Chan Kwok Keung, Charles. He was last re-elected at the 2006 AGM and will hold office until the conclusion of the Company's annual general meeting to be held in 2009; and
- (iii) five independent non-executive Directors, namely Dr Chow Ming Kuen, Joseph, Mr Kwok Shiu Keung, Ernest, Mr Chan Shu Kin, Mr Leung Po Wing, Bowen Joseph and Mr Li Chang An. Both Dr Chow Ming Kuen, Joseph and Mr Chan Shu Kin were re-elected at the Company's annual general meeting in 2005 and their term will expire at the conclusion of the Company's annual general meeting to be held in 2008, whereas for both Mr Kwok Shiu Keung, Ernest and Mr Leung Po Wing, Bowen Joseph, they were re-elected at the 2006 AGM and will hold office until the conclusion of the Company's annual general meeting to be held in 2009. As to Mr Li Chang An, he was appointed to the Board during the year (8 January 2007) and shall hold office until the next general meeting of the Company following his appointment, i.e. the 2007 AGM.

Pursuant to bye-law 87(1) of the Bye-laws, Mr Lau Ko Yuen, Tom and Mr Chan Shu Kin will retire from office by rotation in the 2007 AGM. Pursuant to bye-laws 86(2) of the Bye-laws, Mr Li will also retire from office in the 2007 AGM. All of these retiring Directors are eligible for re-election to hold office until the conclusion of the Company's annual general meeting to be held in 2010.

Bye-law 88 of the Bye-laws provides that no person other than a Director retiring at the meeting shall be eligible for election as a Director at any general meeting unless:

- (i) he is recommended by the Directors; or
- (ii) a notice signed by a Shareholder (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election as Director and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the registered office or at the head office provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that the period for lodgment of such notice(s) shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

Accordingly, if a Shareholder wishes to nominate a person to stand for election as a Director, the following documents must be validly served on the Company, namely (i) his/her notice of intention to propose a resolution and (ii) a notice executed by the nominated candidate of his/her willingness to be elected together with (A) the candidate's information required to be disclosed under Rule 13.51(2) of the Listing Rules and other information, as referred to under the heading "Requisite information of the candidate(s) nominated by Shareholders" below and (B) the candidate's written consent to the publication of his/her personal data.

In order to ensure that other Shareholders have sufficient time to receive and consider the particulars of the nominated candidate(s), Shareholders are urged to submit their proposals as early as practicable, preferably before Wednesday, 5 September 2007 so that a supplementary circular containing particulars of the candidate(s) proposed by such Shareholders can be despatched to other Shareholders, and an announcement can be published on or about 6 September 2007.

Requisite information of the candidate(s) nominated by Shareholders

In order to enable other Shareholders to make an informed decision on their election of Directors, the said notice of intention to propose a resolution by a Shareholder should be accompanied by the following information of the nominated candidate:

- (a) full name and age;
- (b) positions held with PYI and/or other members of the Group (if any);
- (c) previous experience including other directorships in listed public companies in the last three years and other major appointments and qualifications;

LETTER FROM THE BOARD

- (d) current employment and such other information (which may include business experience and professional qualifications and educational background) of which Shareholders should be aware, pertaining to the ability or integrity of the candidate;
- (e) length or proposed length of service with PYI (if any);
- (f) relationships with any Directors or senior management of PYI, or an appropriate negative statement;
- (g) interests in shares of PYI within the meaning of Part XV of the SFO, or an appropriate negative statement;
- (h) contact details; and
- (i) a declaration made by the nominated candidate in respect of the information required under Rule 13.51(2)(h) to (w) of the Listing Rules, or an appropriate negative statement to that effect where there is no information to be disclosed pursuant to any of such requirements.

Recommendations of the Nomination Committee

The Nomination Committee, consisting of three members namely, Dr Chow Ming Kuen, Joseph, Mr Lau Ko Yuen, Tom and Mr Kwok Shiu Keung, Ernest, held a meeting on 20 July 2007 to nominate the re-election of retiring Directors in the 2007 AGM. Mr Lau Ko Yuen, Tom, being a retiring Director, abstained from voting on the relevant resolution of the Nomination Committee regarding his re-election. The Nomination Committee, with the aforesaid abstention of Mr Lau, has nominated and recommended to the Board that Mr Lau Ko Yuen, Tom, Mr Chan Shu Kin and Mr Li Chang An, all being eligible, shall be re-elected as Directors at the 2007 AGM. In addition, all retiring Directors had abstained from voting at the Board meeting when their nominations were considered and approved by the Board for recommendation to Shareholders for approval.

The biographical details of Mr Lau, Mr Chan and Mr Li are set out in Appendix I of this circular.

The Nomination Committee is also responsible for, inter alia, assessing the independence of independent non-executive Directors. In doing so, the Nomination Committee has reviewed the individual Director's annual confirmation of independence declared pursuant to Rule 3.13 of the Listing Rules. As a good corporate governance practice, every member of the Committee has abstained from participating in the assessment of his own independence.

REMUNERATION OF DIRECTORS

At the 2006 AGM, Shareholders approved director's fees of an aggregate amount of not exceeding HK\$3,000,000 per annum to be paid to all Directors and be divided amongst the Directors as the Board may agree. Based on this approval, the Board resolved the following allocation: (i) a director's fee of HK\$300,000 per annum be paid to each Director; (ii) an additional fee of HK\$300,000 per annum be paid to the Chairman; (iii) an additional fee of HK\$20,000 per annum be paid to each Director for being a member of any Board committee; and (iv) an additional fee of HK\$20,000 per annum be paid to each Director for being the chairman of any Board committee for their services rendered to the Company during the period from the conclusion of the 2006 AGM to the conclusion of the 2007 AGM. A Director who has not served the entire period will receive payment in proportion to his period of service.

The Remuneration Committee had, at its meeting held on 20 July 2007, reviewed the current scale of the Directors' fees and having regard to the increased number of members on board, the current market environment, the nature of the Board's work and workload and the requisite time spent by the Directors on the board activities, the Remuneration Committee recommended that the aggregate amount of director's fees of not exceeding HK\$4,000,000 per annum for all Directors be proposed for the coming year.

LETTER FROM THE BOARD

Bye-law 96 of the Bye-laws provides that the ordinary remuneration of Directors shall from time to time be determined by the Company in general meeting. Accordingly, an ordinary resolution will be proposed at the 2007 AGM for Shareholders to consider and, if thought fit, approve the paying of an aggregate amount of not exceeding HK\$4,000,000 per annum to all Directors and that the Board be authorized to divide this amount amongst the Directors. If approved by Shareholders, the proposed Directors' fees will be effective from 20 September 2007. Payment will be made in proportion to the period of service in the case of a Director who has not served the entire period.

GENERAL MANDATES TO ISSUE SHARES AND TO REPURCHASE SHARES

At the 2006 AGM, the ordinary resolutions were passed to grant the general mandates to the Directors to issue Shares and to repurchase Shares. Such general mandates will expire at the conclusion of the 2007 AGM. Ordinary resolutions will be proposed at the 2007 AGM to grant to the Directors a new general mandate, inter alia, (a) to allot and issue Shares not exceeding 20% of the issued Share Capital as at the date of the passing of such resolution; (b) to repurchase Shares not exceeding 10% of the issued Share Capital as at the date of the passing of such resolution; and (c) to extend the general mandate to issue Shares by the number of Shares purchased under the Securities Repurchase Mandate.

The Directors believe that it is in the interests of the Company and the Shareholders as a whole if the General Mandates are granted at the 2007 AGM. The General Mandates provide the Directors with flexibility to issue Shares especially in the context of a fund raising exercise or a transaction involving an acquisition by the Company where Shares are to be issued as consideration and which has to be completed speedily. However, the Directors currently have no intention of any acquisition by the Company nor any plan for raising capital by issuing new Shares.

An explanatory statement providing all the information required under the Listing Rules concerning the Securities Repurchase Mandate is set out in Appendix II to this circular.

REFRESHMENT OF THE 10% LIMIT ON GRANT OF OPTIONS UNDER THE PYI SHARE OPTION SCHEME

The existing Scheme Mandate Limit was refreshed on 8 September 2006, which enables the Directors to grant options to Eligible Persons under the PYI Share Option Scheme to subscribe for up to 146,260,991 Shares. From the date of refreshing the existing Scheme Mandate Limit and up to the Latest Practicable Date, the Company has granted options entitling the holders thereof to subscribe for an aggregate of 54,300,000 Shares (including options in respect of 3,000,000 Shares which were granted but lapsed during the year), representing utilization of approximately 37.13% of the existing Scheme Mandate Limit. If the existing Scheme Mandate Limit is not refreshed, the Company would be allowed to grant options to subscribe for up to 94,960,991 Shares, representing approximately 6.36% of the Shares in issue as at the Latest Practicable Date. In order to provide the Company with more flexibility in providing incentives to those Eligible Persons by way of granting of options, the Board decided to seek the approval of Shareholders to refresh the Scheme Mandate Limit so that the total number of Shares which may be issued upon exercise of all options to be granted under the PYI Share Option Scheme and any other scheme(s) of the Company shall not exceed 10% of the Shares in issue as at the date of passing of the relevant resolution at the 2007 AGM. Options previously granted under the PYI Share Option Scheme and any other scheme(s) of the Company (including options outstanding, cancelled or lapsed in accordance with the relevant scheme rules and exercised options) will not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed.

As at the Latest Practicable Date, there were in issue 1,492,868,407 Shares and a total of 100,955,000 outstanding options granted under the PYI Share Option Scheme at exercise prices of HK\$1.24 (as to 8,450,000 options), HK\$1.50 (as to 12,580,000 options), HK\$2.43 (as to 6,330,000 options), HK\$2.48 (as to 13,800,000 options), HK\$2.50 (as to 9,345,000 options), HK\$3.00 (as to 17,410,000 options), HK\$3.50 (as to 30,540,000 options) and HK\$4.00 (as to 2,500,000 options) per Share. Save and except for these outstanding options, there are no options granted under the PYI Share Option Scheme or any other share option scheme(s) of the Company which remained outstanding as at the Latest Practicable Date.

LETTER FROM THE BOARD

If the Scheme Mandate Limit is refreshed, on the basis of 1,492,868,407 Shares in issue as at the Latest Practicable Date and assuming no further issue or repurchase of Shares prior to the 2007 AGM, the Company may grant options entitling holders thereof to subscribe for a total of 149,286,840 Shares (representing approximately 10% of the Shares in issue as at the date of the 2007 AGM approving the refreshment of the Scheme Mandate Limit).

Pursuant to the Listing Rules, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the PYI Share Option Scheme and any other scheme(s) of the Company at any time must not in aggregate exceed 30% of the Shares in issue from time to time. No options shall be granted under any scheme(s) of the Company if this will result in the 30% limit being exceeded.

The purpose of the PYI Share Option Scheme is to provide incentive or reward to Eligible Persons for their contribution to and continuing efforts to promote the interests of the Company. The Directors consider that the refreshment of the Scheme Mandate Limit is in the interests of the Company and the Shareholders as a whole.

The refreshment of the Scheme Mandate Limit is conditional on:

- (i) the passing of an ordinary resolution to approve the refreshment of the Scheme Mandate Limit by the Shareholders at the 2007 AGM; and
- (ii) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Shares (representing 10% of the Shares in issue as at the date of the 2007 AGM approving the refreshment of the Scheme Mandate Limit) which may fall to be issued pursuant to the exercise of options under the PYI Share Option Scheme and any other share option scheme(s) of the Company.

Application will be made to the Listing Committee of the Stock Exchange for approval of the listing of and permission to deal in the Shares which may fall to be issued pursuant to the exercise of options under the PYI Share Option Scheme and any other share option scheme(s) of the Company.

REFRESHMENT OF THE 10% LIMIT ON GRANT OF OPTIONS UNDER THE PYE SHARE OPTION SCHEME

Paul Y. Engineering, a subsidiary of the Company, proposes the PYE Refreshment, subject to (i) the passing of an ordinary resolution by its shareholders to approve the PYE Refreshment at the PYE 2007 AGM; (ii) the Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in, the shares to be issued upon exercise of any options granted under the refreshed limit of the PYE Share Option Scheme; and (iii) in accordance with Rule 17.01(4) of the Listing Rules, the Shareholders passing an ordinary resolution to approve the PYE Refreshment at the 2007 AGM.

The PYE Refreshment will enable Paul Y. Engineering to grant further options to eligible participants, being employees, executives or officers, directors of Paul Y. Engineering and its subsidiaries or any entity in which Paul Y. Engineering or its subsidiaries hold an equity interest, and any consultant, adviser or agent of Paul Y. Engineering or its subsidiaries or any entity in which Paul Y. Engineering or its subsidiaries hold an equity interest, who, in the sole discretion of the board of directors of Paul Y. Engineering, have contributed or will contribute to the growth and development of Paul Y. Engineering or its subsidiaries or any entity in which Paul Y. Engineering or its subsidiaries hold an equity interest.

The total number of options granted under PYE Share Option Scheme as at the Latest Practicable Date was 28,100,000 at exercise prices of HK\$0.70 (as to 500,000 options), HK\$0.85 (as to 500,000 options), HK\$0.90 (as to 3,600,000 options), HK\$1.00 (as to 5,500,000 options), HK\$1.34 (as to 16,000,000 options) and HK\$1.36 (as to 2,000,000 options).

If Paul Y. Engineering utilises in full the 10% limit on grant of options under such share option scheme, the Company's shareholding in Paul Y. Engineering will be reduced from approximately 63.74% to 57.95%. However, the purpose of the PYE Share Option Scheme is to provide incentive or reward to the aforesaid eligible participants for their contribution to and continuing efforts to promote the interests of Paul Y. Engineering which is a subsidiary of PYI. The Directors therefore consider that the PYE Refreshment is in the interest of the Company and the Shareholders.

LETTER FROM THE BOARD

An ordinary resolution will be proposed at the 2007 AGM to approve the PYE Refreshment.

ANNUAL GENERAL MEETING

A notice convening the 2007 AGM is set out on pages 15 to 18 of this circular at which resolutions will be proposed, inter alia, to approve (i) the re-election of retiring Directors; (ii) remuneration of Directors; (iii) the grant of the General Mandates; (iv) the refreshment of the Scheme Mandate Limit; and (v) the PYE refreshment.

A form of proxy for use by the Shareholders at the 2007 AGM is enclosed. If you do not intend to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the principal place of business of the Company in Hong Kong at 31st Floor, Paul Y. Centre, 51 Hung To Road, Kwun Tong, Kowloon, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

PROCEDURE FOR DEMANDING A POLL

Pursuant to bye-law 66 of the Bye-laws, a resolution put to the vote of a general meeting shall be decided by poll if a poll is demanded:

- (i) by the chairman of the meeting; or
- (ii) by at least three Shareholders present or, in the case of a Shareholder being a corporation, by its duly authorized representative or by proxy for the time being entitled to vote at the meeting; or
- (iii) by a Shareholder or Shareholders present in person or, in the case of a Shareholder being a corporation, by its duly authorized representative or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (iv) by a Shareholder or Shareholders present in person or, in the case of a Shareholder being a corporation, by its duly authorized representative or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right; or
- (v) if required by the rules of the Stock Exchange, by any Director or Directors who, individually or collectively, hold proxies in respect of Shares representing five per cent. (5%) or more of the total voting rights at such meeting, and if on a show of hands a meeting votes in the opposite manner to that instructed in those proxies, provided that if it is apparent from the total proxies held that a vote taken on a poll shall not reverse the vote taken on a show of hands, then the Director or Directors shall not be required to demand a poll.

A demand for poll must be made before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll.

In accordance with the requirements of the Listing Rules, the results of the poll will be published by way of an announcement in accordance with rule 2.07C of the Listing Rules.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquires, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

LETTER FROM THE BOARD

RECOMMENDATION

The Board is pleased to recommend Messrs Lau Ko Yuen, Tom, Chan Shu Kin and Li Chang An to stand for re-election by Shareholders as Directors. Their biographies are set out in Appendix I for Shareholders' consideration. The Board also believes that the proposed remuneration of Directors, the grant of the General Mandates, the refreshment of the Scheme Mandate Limit, and the PYE Refreshment are in the best interest of the Company and the Shareholders as a whole, and accordingly recommends the Shareholders to vote in favour of all resolutions to be proposed at the 2007 AGM.

Yours faithfully,
For and on behalf of
PYI Corporation Limited
Chow Ming Kuen, Joseph OBE, JP
Chairman

APPENDIX I**PARTICULARS OF RETIRING DIRECTORS
STANDING FOR RE-ELECTION**

The biographical and other details of retiring Directors standing for re-election at the 2007 AGM are set out below:

EXECUTIVE DIRECTOR

	Director since	Board committee memberships	Emoluments (2006/2007)	Discloseable interests within the meaning of Part XV of the SFO as at the Latest Practicable Date
Lau Ko Yuen, Tom (aged 56) <i>Deputy Chairman and Managing Director</i>	1993	Remuneration Committee, Nomination Committee and Share Repurchase Committee	HK\$10,381,218 (Notes 1(a), (d) and (e))	26,920,671 Shares/underlying Shares (personal interests) and 500,000 underlying shares of an associated corporation (personal interests) (Note 2(a))

Mr Lau has over 34 years' experience in international corporate management as well as merger and acquisitions. He joined the Group in 1991 and has been responsible for the Group's corporate strategy, development and performance. Mr Lau is also the non-executive Deputy Chairman of Paul Y. Engineering Group Limited (0577.HK), an independent non-executive Director of China National Building Material Company Limited (3323.HK) and a director of various subsidiaries of the Group. He was the Deputy Chairman and an executive director of ITC Corporation Limited (0372.HK) and the non-executive Deputy Chairman of Downer EDI Limited (DOW.AX) during the past three years.

Save as disclosed above, Mr Lau does not hold any positions with the Company or any of its subsidiaries, nor does he have any relationship with any Directors or senior management or substantial shareholder or controlling shareholder of the Company. There are no other matters that need to be brought to the attention of the Shareholders nor there is other information required to be disclosed pursuant to any of the requirements under Rules 13.51(2) of the Listing Rules.

INDEPENDENT NON-EXECUTIVE DIRECTORS

	Director since	Board committee memberships	Emoluments (2006/2007)	Discloseable interests within the meaning of Part XV of the SFO as at the Latest Practicable Date
Chan Shu Kin (aged 52) <i>Independent non-executive Director</i>	2004	Audit Committee (<i>Chairman</i>), Compliance Committee, Share Repurchase Committee (<i>Chairman</i>) and Nomination Committee (alternate to Mr Kwok Shiu Keung, Ernest)	HK\$439,096 (Notes 1(b), (d) and (e))	1,300,000 underlying Shares (personal interests) (Note 2(b))

Mr Chan has over 30 years' experience in auditing, accounting and financial management services. He graduated from The Hong Kong Polytechnic University and is both a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants as well as an associate member of the Institute of Chartered Accountants in England and Wales. Mr Chan is a partner of Messrs. Ting Ho Kwan & Chan, Certified Public Accountants. He is currently an independent non-executive director of Wing Shing International Holdings Limited (0850.HK). Mr Chan was an independent non-executive director of China Velocity Group Limited (0149.HK) during the past three years.

Save as disclosed above, Mr Chan does not hold any positions with the Company or any of its subsidiaries, nor does he have any relationship with any Directors or senior management or substantial shareholder or controlling shareholder of the Company. There are no other matters that need to be brought to the attention of the Shareholders nor there is other information required to be disclosed pursuant to any of the requirements under Rules 13.51(2) of the Listing Rules.

	Director since	Board committee memberships	Emoluments (2006/2007)	Discloseable interests within the meaning of Part XV of the SFO as at the Latest Practicable Date
Li Chang An (aged 72) <i>Independent non-executive Director</i>	2007	Nil	HK\$68,219 <i>(Note 1(c), (d) and (e))</i>	1,300,000 underlying Shares (personal interests) <i>(Note 2(c))</i>

Mr Li was the Vice Secretary of Shangdong Provincial Party Committee from 1983 to 1987. He was further appointed the Governor of Shangdong Province in June 1985. Between 1987 and 1993, he was the Deputy Secretary-General of the State Council. Mr Li was elected an alternate member of the Eleventh CPC Central Committee and a member of Twelfth CPC Central Committee.

Mr Li was the executive vice chairman of China Poly Group Corporation from 1993 to 2001. He was also appointed the chairman of the board of China Orient Telecomm Satellite Company, Limited from 1995 to 2003. Mr Li did not hold any directorships in any listed public companies during the past three years.

Save as disclosed above, Mr Li does not hold any positions with the Company or any of its subsidiaries, nor does he have any relationship with any Directors or senior management or substantial shareholder or controlling shareholder of the Company. There are no other matters that need to be brought to the attention of the Shareholders nor there is other information required to be disclosed pursuant to any of the requirements under Rules 13.51(2) of the Listing Rules.

Notes:

1. (a) During the financial year ended 31 March 2007, Mr Lau received a director's fee of HK\$300,000, a fee of HK\$60,000 for serving as a member of the Remuneration Committee, Nomination Committee and Share Repurchase Committee and a director's fee of HK\$100,000 from Paul Y. Engineering.

As the Managing Director, Mr Lau also received a remuneration package consisting of a combination of basic salary, variable bonus and equity-based reward amounting to HK\$4,519,200 in cash and HK\$5,402,018 of value in share options.
- (b) During the financial year ended 31 March 2007, Mr Chan received a director's fee of HK\$300,000 and a fee of HK\$139,096 for serving as chairman and a member of the Audit Committee and Share Repurchase Committee, as a member of the Compliance Committee and the Nomination Committee (alternate to Mr Kwok Shiu Keung, Ernest).
- (c) During the financial year ended 31 March 2007, Mr Li received a director's fee of HK\$68,219 (calculated pro rata from date of his appointment).
- (d) The director's fee was determined with reference to the prevailing market conditions and having regard to the nature of the Board's work, workload and the requisite time spent by the Directors on the board activities. The remuneration package of the Managing Director was determined by the Remuneration Committee having regard to the commitment, responsibilities and contribution of the Managing Director as well as the reward strategy adopted by the Company.
- (e) Save as disclosed in 1(a) to 1(d) above, the retiring Directors standing for re-election received no other compensation from the Group.

2. (a) Such interests consist of:
 - (i) 120,671 Shares held by Mr Lau personally;
 - (ii) 26,800,000 underlying Shares in respect of options granted to him on 28 December 2004 and 8 September 2006 pursuant to the PYI Share Option Scheme, further details of which are set out in the section headed "Share Option Scheme" of the Directors' Report in the 2007 Annual Report; and
 - (iii) 500,000 underlying shares of Paul Y. Engineering (which is an associated corporation within the meaning of the SFO) in respect of options granted to Mr Lau on 8 June 2007 pursuant to the PYE Share Option Scheme which entitle him to subscribe for a total of 500,000 shares of Paul Y. Engineering at an exercise price of HK\$1.36 per share during the exercise period from 1 July 2007 to 30 June 2009.
 - (b) Such interests consist of 1,300,000 underlying Shares in respect of share options granted to Mr Chan on 28 December 2004 pursuant to the PYI Share Option Scheme, further details of which are set out in the section headed "Share Option Scheme" of the Directors' Report in the 2007 Annual Report.
 - (c) Such interests consist of 1,300,000 underlying Shares in respect of share options granted to Mr Li on 6 February 2007 pursuant to the PYI Share Option Scheme, further details of which are set out in the section headed "Share Option Scheme" of the Directors' Report in the 2007 Annual Report.
3. No Director proposed for re-election at the 2007 AGM has a service contract with the Company or any of its subsidiaries that is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

This is the explanatory statement given to the Shareholders relating to a resolution authorising the Company to repurchase its own Shares which is proposed to be passed by the Shareholders by means of an ordinary resolution at the 2007 AGM.

This explanatory statement contains a summary of the information required pursuant to Rule 10.06 of the Listing Rules which is set out as follows:

Share Capital

- As at the Latest Practicable Date, there were in issue a total of 1,492,868,407 Shares, all of which are fully paid.
- Assuming that no further Shares are issued or repurchased after the Latest Practicable Date and before the date of the 2007 AGM, there will be 1,492,868,407 Shares in issue, and exercise in full of the Securities Repurchase Mandate would result in up to a maximum of 149,286,840 Shares being repurchased by the Company during the relevant period referred to in ordinary resolution numbered 5(B) of the notice of the 2007 AGM.

Reasons for repurchases

- The Directors believe that it is in the best interests of the Company and the Shareholders as a whole for the Directors to have a general authority from the Shareholders to enable the Directors to purchase the Shares on the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per Share and will benefit the Company and the Shareholders.

Funding of repurchases

- The repurchase of Shares shall be made with funds legally available for such purpose in accordance with its memorandum of association and the Bye-laws and the applicable laws of Bermuda. Under Bermuda law, repurchases may only be effected out of the capital paid up on the purchased Shares or out of funds of the Company otherwise available for dividend or distribution or out of the proceeds of a fresh issue of Shares made for the purpose. Any premium payable on a purchase over the par value of the Shares to be purchased must be provided for out of funds of the Company otherwise available for dividend or distribution or out of the Company's share premium account before the Shares are repurchased. It is envisaged that the funds required for any repurchase would be derived from such sources.
- As compared with the financial position of the Company as at 31 March 2007 (being the date of the Company's latest audited accounts), the Directors consider that the repurchases of securities will have no material adverse impact on the working capital and the gearing position of the Company in the event that the Securities Repurchase Mandate were to be exercised in full during the proposed repurchase period. The Directors do not propose to exercise the Securities Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

Directors, their associates and connected persons

- None of the Directors or, to the best of their knowledge having made all reasonable enquiries, any of their associates, as defined in the Listing Rules, has any present intention, in the event that the Securities Repurchase Mandate is approved by the Shareholders, to sell Shares to the Company.
- No connected person, as defined in the Listing Rules, has notified the Company that he has a present intention to sell Shares to the Company, or has undertaken not to do so, in the event that the Securities Repurchase Mandate is approved by the Shareholders.

Undertaking of the Directors

- The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Securities Repurchase Mandate in accordance with the Listing Rules, the Bye-laws and the applicable laws of Bermuda.

Share repurchase made by the Company

- During the six months preceding the Latest Practicable Date, the Company had not purchased any of its Shares (whether on the Stock Exchange or otherwise).

GENERAL

If as a result of a repurchase of Shares a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. As a result, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. If the Company were to repurchase Shares up to the permitted maximum of 10% of the issued Share Capital, such parties may together with any other parties acting in concert with them become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, Hollyfield Group Limited ("Hollyfield"), which is ultimately and wholly owned by ITC Corporation Limited ("ITC"), held 402,368,507 Shares, representing approximately 26.95% of the issued Share Capital. On the basis that no further Shares are issued or repurchased and in the event that the Securities Repurchase Mandate is exercised in full and that there is no change in Hollyfield's or ITC's shareholding in the Company, the shareholding of Hollyfield or ITC would together be increased to approximately 29.94% of the issued Share Capital. Such increase per se would not give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code. Save as disclosed herein, the Directors are not aware of any single shareholder who held more than 10% of the issued Share Capital as at the Latest Practicable Date. As at the Latest Practicable Date, the Board had not held any meeting to discuss the Company's intention with regard to repurchasing issued Shares pursuant to the Securities Repurchase Mandate.

PRICES OF THE SHARES

The highest and lowest prices at which the Shares were traded on the Stock Exchange during each of the previous twelve months preceding the Latest Practicable Date were as follows:

	Shares	
	Highest HK\$	Lowest HK\$
2006		
July	2.875	2.550
August	2.640	2.160
September	2.860	2.180
October	3.130	2.700
November	3.040	2.770
December	2.920	2.680
2007		
January	2.930	2.760
February	3.800	2.800
March	3.580	3.190
April	3.620	3.380
May	3.500	3.240
June	3.910	3.460
July (up to the Latest Practicable Date)	3.810	3.380

NOTICE OF ANNUAL GENERAL MEETING



PYI Corporation Limited

(Incorporated in Bermuda with limited liability)
(Stock code: 498)

NOTICE IS HEREBY GIVEN that the annual general meeting of PYI Corporation Limited (the “Company”) will be held at JW Marriott Ballroom on Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Thursday, 20 September 2007 at 2:30 p.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 2007.
2. To declare the final dividend for the year ended 31 March 2007.
3. To re-elect retiring directors and to fix the directors’ remuneration.
4. To re-appoint auditors and to authorise the board of directors to fix their remuneration.
5. 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 may 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

NOTICE OF ANNUAL GENERAL MEETING

- (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 authorisation 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.”

NOTICE OF ANNUAL GENERAL MEETING

- (C) “**THAT** conditional upon resolutions numbered 5(A) and 5(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 5(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 5(A) as set out in the notice convening this meeting.”
- (D) “**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting listing of and permission to deal in the shares of HK\$0.10 each in the capital of the Company (representing 10 per cent. of the shares of the Company in issue as at the date of passing this resolution) which may be issued pursuant to the exercise of options granted under the Company’s share option scheme adopted on 27 August 2002 (the “Scheme”), the refreshment of the scheme limit in respect of the grant of options to subscribe for ordinary shares in the Company under the Scheme, provided that the total number of ordinary shares which may be allotted or issued pursuant to the grant or exercise of options under the Scheme (excluding options previously granted, outstanding, cancelled, lapsed or exercised under the Scheme) shall not exceed 10 per cent. of the shares of the Company in issue as at the date of passing this resolution (the “Refreshed Mandate Limit”), be and is hereby approved and the directors of the Company be and are hereby authorised to grant options under the Scheme up to the Refreshed Mandate Limit, to exercise all powers of the Company to allot, issue and deal with ordinary shares of the Company pursuant to the exercise of such options and to do such acts and execute such documents for or incidental to such purpose.”
- (E) “**THAT** the refreshment of the scheme limit on grant of options under the share option scheme adopted by Paul Y. Engineering Group Limited (“Paul Y. Engineering”, the Company’s subsidiary) on 7 September 2005 up to 10 per cent. of the shares of Paul Y. Engineering in issue as at the date of passing of the resolution for approving such refreshment by the shareholders of Paul Y. Engineering be and is hereby approved.”

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

By Order of the Board
Wong Lai Kin, Elsa
Company Secretary

Hong Kong, 31 July 2007

Principal Place of Business:
31st Floor, Paul Y. Centre
51 Hung To Road
Kwun Tong, Kowloon
Hong Kong

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

NOTICE OF ANNUAL GENERAL MEETING

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 may appoint a proxy in respect of part only of his holding of shares of the Company. A proxy need not be a member of the Company.
2. A form of proxy for the meeting is enclosed. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, shall be deposited at the Company's principal place of business in Hong Kong at 31st 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 proposes to vote.
3. The register of members of the Company will be closed during the period from 8 October 2007 to 10 October 2007, both dates inclusive, during which period no transfer of share(s) of the Company will be effected. In order to qualify for the final dividend, all transfer of share(s), accompanied by the relevant share certificate(s) with the completed transfer form(s) overleaf or separately, must be lodged with the Company's share registrars in Hong Kong, Secretaries Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:00 p.m. on 5 October 2007.

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

Dr Chow Ming Kuen, Joseph <i>OBE JP</i>	: <i>Chairman (Independent Non-Executive Director)</i>
Mr Lau Ko Yuen, Tom	: <i>Deputy Chairman and Managing Director</i>
Dr Chan Kwok Keung, Charles	: <i>Non-Executive Director</i>
Mr Kwok Shiu Keung, Ernest	: <i>Independent Non-Executive Director</i>
Mr Chan Shu Kin	: <i>Independent Non-Executive Director</i>
Mr Leung Po Wing, Bowen Joseph <i>GBS JP</i>	: <i>Independent Non-Executive Director</i>
Mr Li Chang An	: <i>Independent Non-Executive Director</i>