

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **PYI Corporation Limited**

*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 498)**

### **DISCLOSEABLE TRANSACTION**

### **INCREASE OF EQUITY INTEREST IN JIANGYIN SUNAN CONTAINER TERMINAL**

The Board announces that on 29 June 2010, PYI Hong Kong entered into the Capital Increase Agreement pursuant to which the registered capital of Jiangyin Sunan Container Terminal will be increased from US\$12.5 million (RMB100.7 million) to RMB400 million. Such increase of approximately RMB299.3 million (HK\$343.2 million) will be contributed as to:

- RMB64.7 million (HK\$74.2 million) by Jiangyin New Harbour City Co.;
- RMB99.8 million (HK\$114.4 million) by Shanghai International Port Group; and
- RMB134.8 million (HK\$154.6 million) by PYI Hong Kong.

Following completion of the Capital Increase, the equity interest of the Parties in Jiangyin Sunan Container Terminal will be:

- increased from 15% to 20% for Jiangyin New Harbour City Co.;
- increased from 20% to 30% for Shanghai International Port Group;
- diluted from 40% to 10% for Jiangyin Port Group; and
- increased from 25% to 40% for PYI Hong Kong.

The capital contribution by PYI Hong Kong under the Capital Increase Agreement constitutes a discloseable transaction for PYI under Chapter 14 of the Listing Rules.

Reference is made to the announcement of PYI dated 12 June 2009 in respect of the completion of acquisition of 25% equity interest in Jiangyin Sunan from Shanghai Port Container (Macau) Company Limited by PYI Hong Kong at a consideration of RMB27.65 million (equivalent to approximately HK\$31.4 million at the then exchange rate of HK\$1.00 to RMB0.881) on 11 June 2009. Upon completion of the acquisition, Shanghai Port Container (Macau) Company Limited was no longer a shareholder of Jiangyin Sunan.

To the best of the knowledge, information and belief of the Directors and after making all reasonable enquiries, as at the date of the acquisition, Shanghai Port Container (Macau) Company Limited and its ultimate beneficial owner were third parties independent of PYI and its connected persons (as defined under the Listing Rules).

### **CAPITAL INCREASE AGREEMENT**

Date: 29 June 2010

Parties: (A) Jiangyin New Harbour City Co.;  
(B) Shanghai International Port Group;  
(C) Jiangyin Port Group; and  
(D) PYI Hong Kong

Capital Increase:

The Parties entered into the Capital Increase Agreement pursuant to which the registered capital of Jiangyin Sunan will be increased from US\$12.5 million (equivalent to approximately RMB100.7 million) to RMB400 million. Such increase of approximately RMB299.3 million (equivalent to approximately HK\$343.2 million) will be contributed as to RMB64.7 million (equivalent to approximately HK\$74.2 million) by Jiangyin New Harbour City Co., RMB99.8 million (equivalent to approximately HK\$114.4 million) by Shanghai International Port Group and RMB134.8 million (equivalent to approximately HK\$154.6 million) by PYI Hong Kong. Jiangyin Port Group will not participate in the Capital Increase. The contributions will be paid by each of the Parties (except Jiangyin Port Group) in full by way of cash to Jiangyin Sunan within 15 working days from the date of obtaining the relevant approval for the Capital Increase from the relevant government authorities in the PRC. The contribution by PYI Hong Kong will be funded by internal resources of PYI Group.

Following completion of the Capital Increase, the equity interest of the Parties in Jiangyin Sunan will be increased from 15% to 20% for Jiangyin New Harbour City Co., increased from 20% to 30% for Shanghai International Port Group, diluted from 40% to 10% for Jiangyin Port Group and increased from 25% to 40% for PYI Hong Kong respectively.

## FINANCIAL INFORMATION OF JIANGYIN SUNAN

Based on the audited financial statements of Jiangyin Sunan prepared in accordance with the generally accepted accounting principles in the PRC:

	For the year ended 31 December	
	2009	2008
	<i>RMB million</i>	<i>RMB million</i>
Net profit before taxation	1.6	13.0
Net profit after taxation	1.2	13.0

The audited net asset value of Jiangyin Sunan, based on the generally accepted accounting principles in the PRC, as at 31 December 2009 is approximately RMB99.6 million (equivalent to approximately HK\$114.2 million).

## REASONS FOR AND BENEFITS OF THE TRANSACTION

Through the Capital Increase, Jiangyin Sunan can further strengthen its capital base to induce future development and growth of its container handling and logistics businesses. The amount of capital contribution by PYI Hong Kong under the Capital Increase Agreement has been determined taking into account the financial requirements for capital expenditure on revenue-generating assets that will generate future growth of Jiangyin Sunan.

Jiangyin Sunan creates synergy value with PYI's other port investments along the Yangtze. The additional investment in Jiangyin Sunan is in line with PYI's Yangtze Strategy and is expected to enhance the profitability of PYI Group in the future.

The Directors consider that the terms of the Capital Increase Agreement are on normal commercial terms, fair and reasonable and in the interests of PYI and its shareholders as a whole.

## GENERAL INFORMATION

PYI Group is principally engaged in the business of development and investment in port and other infrastructure projects, land and property development and investment in association with port facilities, treasury investment and, through its subsidiary, Paul Y. Engineering Group Limited, comprehensive engineering and property-related services.

Jiangyin New Harbour City Co. is principally engaged in port and land development and property leasing in the new harbour city in Jiangyin.

Shanghai International Port Group is principally engaged in the provision of comprehensive logistic service, including cargo handling, transloading, transshipping, and marine and overland transportation of domestic and international cargo (including containers).

Jiangyin Port Group is principally engaged in the operation of container terminal, and provision of container transloading, warehousing and custody, and shipping agency services.

Jiangyin Sunan is a sino-foreign equity joint venture incorporated in the PRC. It is principally engaged in containers loading and unloading, storage, maintenance, washing and leasing of containers. The container terminal operated by Jiangyin Sunan is the only container terminal in Jiangyin and the annual container throughput of the container terminal reached 500,000 TEUs in both 2008 and 2009.

To the best of the knowledge, information and belief of the Directors and after making all reasonable enquiries, as at the date of this announcement, (i) Party A, Party B, Party C and their respective ultimate beneficial owners are third parties independent of PYI and its connected persons (as defined under the Listing Rules); and (ii) there was no previous transaction between PYI Group and Party A, Party B and Party C (and also their associates) in the past 12 months which may require aggregation under Rule 14.22 of the Listing Rules.

**LISTING RULES IMPLICATION**

As one of the applicable percentage ratios in respect of the capital contribution by PYI Hong Kong under the Capital Increase Agreement is more than 5% but less than 25%, the capital contribution constitutes a discloseable transaction for PYI under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

**DEFINITIONS**

In this announcement, the following terms have the meanings set out below unless the context requires otherwise:

“Board”	board of Directors
“Capital Increase”	the increase in the registered capital of Jiangyin Sunan from US\$12.5 million (equivalent to approximately RMB100.7 million) to RMB400 million under the Capital Increase Agreement
“Capital Increase Agreement”	the agreement dated 29 June 2010 entered into between the Parties in relation to the Capital Increase

“Directors”	the directors of PYI
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Jiangyin Sunan” or “Jiangyin Sunan Container Terminal”	江陰蘇南國際集裝箱碼頭有限公司 (Jiangyin Sunan International Container Terminal Co., Ltd.*), a sino-foreign equity joint venture incorporated in the PRC and a 25% associated company of PYI
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	collectively, Party A, Party B, Party C and Party D
“Party A” or “Jiangyin New Harbour City Co.”	江陰臨港新城開發建設有限公司 (Jiangyin New Harbour City Development and Construction Co. Ltd.*), a limited liability company established in the PRC
“Party B” or “Shanghai International Port Group”	上海國際港務（集團）股份有限公司 (Shanghai International Port (Group) Co. Ltd.*), a limited liability company established in the PRC
“Party C” or “Jiangyin Port Group”	江蘇江陰港口集團股份有限公司 (Jiangsu Jiangyin Port Group Co. Ltd.*), a limited liability company established in the PRC
“Party D” or “PYI Hong Kong”	Paul Y. Corporation Limited, a limited liability company incorporated in Hong Kong and an indirect wholly-owned subsidiary of PYI
“PRC” or “China”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“PYI”	PYI Corporation Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“PYI Group”	PYI and its subsidiaries

“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TEU”	Twenty-foot equivalent unit
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

By Order of the Board  
**PYI Corporation Limited**  
**Lau Ko Yuen, Tom**  
*Deputy Chairman and Managing Director*

Hong Kong, 29 June 2010

As at the date of this announcement, the composition of the Board is as follows:

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>

\* *the English translation of Chinese names or words in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

*For the purpose of this announcement, unless otherwise indicated, conversion of RMB into HK\$ is calculated at the exchange rate of HK\$1.00 to RMB0.872 and conversion of US\$ into RMB is calculated at an average exchange rate of US\$1.00 to RMB8.056 adopted for capital injection of Jiangyin Sunan in 2006 is used. The exchange rates are for illustration purpose only and do not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.*