
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this document, you should consult a licensed securities dealer, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in PYI Corporation Limited, you should at once hand this document 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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this document, 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 document.



PYI Corporation Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 498)

Lau Ko Yuen, Tom
(Chairman and Managing Director)
Chan Kwok Keung, Charles
(with Chan Yiu Lun, Alan as alternate)
(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:
33rd Floor, Paul Y. Centre
51 Hung To Road
Kwun Tong
Kowloon
Hong Kong

30 September 2011

To the shareholders and, for information only, holders of share options

Dear Sir or Madam,

SCRIP DIVIDEND SCHEME IN RELATION TO THE FINAL DIVIDEND FOR THE YEAR ENDED 31 MARCH 2011

On 24 June 2011, it was announced that the board of directors of PYI Corporation Limited ("Company") recommended the payment of a final dividend of HK1 cent per share of HK\$0.10 each in the capital of the Company ("Share") for the year ended 31 March 2011, such final dividend to be paid in cash with an option to elect for new Shares ("Scrip Shares") in lieu of cash, payable to shareholders of the Company ("Shareholders") whose names appeared on the register of members of the Company as at the close of business on 28 September 2011 ("Scrip Dividend Scheme"). The final dividend was approved at the annual general meeting of the Company held on 16 September 2011. The register of members of the Company was closed from 26 September 2011 to 28 September 2011, both dates inclusive, during which period no transfers of Shares would be effected. In order to qualify for the final dividend, all transfers of Shares together with the relevant share certificates must have been lodged with the Company's share registrar in Hong Kong, Tricor Secretaries Limited of 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong on 23 September 2011.

Particulars of the Scrip Dividend Scheme

Under the Scrip Dividend Scheme, each Shareholder has the choice of receiving:

- (a) HK1 cent in cash for each existing Share held on 28 September 2011; or
- (b) an allotment of Scrip Shares at 0.2387 per Scrip Share (as determined by the market value stated below) credited as fully paid in lieu of payment of the final dividend to which such Shareholder is entitled; or
- (c) a combination partly of (a) and partly of (b) above.

As stated in the Company's announcement of 24 June 2011, for the purpose of calculating the number of Scrip Shares to be allotted, the market value of Scrip Shares will be fixed by reference to the average of the closing prices of the Shares on The Stock Exchange of Hong Kong Limited ("Stock Exchange") for the three consecutive trading days ended 28 September 2011 less a discount of five per cent of such average price or the par value of Shares, whichever is the higher. Since the average closing price of the Shares on the Stock Exchange for the three consecutive trading days ended 28 September 2011 was approximately HK\$0.2513 ("Average Closing Price"), the entitlements of Shareholders who elect to receive Scrip Shares under the Scrip Dividend Scheme shall be determined based on the price of HK\$0.2387 (which is higher than the par value of Shares), being the Average Closing Price less a discount of five per cent. Accordingly, the number of Scrip

Shares which each Shareholder will receive under the Scrip Dividend Scheme will be calculated by the following formula:

$$\begin{array}{l} \text{Number of Scrip Shares} \\ \text{to be received under the} \\ \text{Scrip Dividend Scheme} \end{array} = \begin{array}{l} \text{Number of existing Shares held on} \\ \text{28 September 2011 for which the dividend} \\ \text{is to be satisfied in Shares under} \\ \text{the Scrip Dividend Scheme} \end{array} \times \frac{0.01}{0.2387}$$

If all Shareholders elect to receive their entitlement in Scrip Shares, based on 4,529,125,134 Shares in issue as at 28 September 2011, not more than 189,741,312 Scrip Shares will be issued under the Scrip Dividend Scheme.

The number of Scrip Shares to be issued to each Shareholder will be rounded down to the nearest whole number. Fractional entitlements to Scrip Shares will not be allotted and the benefit thereof will accrue to the Company.

The Scrip Shares will rank *pari passu* in all respects with the Shares existing as at the date of issue save that they will not be entitled to the final dividend for the year ended 31 March 2011 and the special cash dividend for the year ending 31 March 2012 as recommended for payment by the board of directors of the Company on 24 June 2011. The Scrip Shares will rank in full for all future dividends and distribution which may be declared, made or paid after the date of issue thereof.

Form of Election

A form of election is enclosed. **Any Shareholder who wishes to receive only cash in respect of his final dividend entitlement need not complete the form of election. Any Shareholder who wishes to receive Scrip Shares in lieu of cash in respect of his final dividend entitlement, whether in whole or in part, must complete the form of election and return it to Tricor Secretaries Limited of 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 4:00 p.m. on 17 October 2011. No acknowledgement of receipt of the said form will be issued.**

If you complete the form of election but do not specify the number of Shares in respect of which you elect to receive Scrip Shares, or if you elect to receive Scrip Shares in respect of a greater number of Shares than your registered holding on 28 September 2011, then in either case you will be deemed to have chosen to receive Scrip Shares in respect of all the Shares of which you were then registered as the holder(s).

Overseas Shareholders

Based on the register of members of the Company as at 28 September 2011 (being the record date for the purpose of determining the Shareholders entitled to the said final dividend), all of the Shareholders have registered addresses in the Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong") save that there were one Shareholder in Macau and one Shareholder in Taiwan.

The directors of the Company have made enquiries with legal advisers in the relevant jurisdictions, and have been advised that there are no restrictions or requirements on the issue of scrip dividend to such overseas Shareholders. Accordingly, these overseas Shareholders will be permitted to participate in the Scrip Dividend Scheme.

The participation in the Scrip Dividend Scheme by the Shareholders in any jurisdiction outside Hong Kong may be affected by laws of the relevant jurisdictions, so Shareholders who are citizens, residents or nationals of jurisdictions outside Hong Kong should inform themselves about, and observe, all applicable legal and regulatory requirements of their relevant jurisdictions. It is the responsibility of any Shareholder not resident in Hong Kong who wishes to participate in the Scrip Dividend Scheme to satisfy himself/herself as to the full observance of all the applicable laws and regulations of any relevant jurisdiction in connection therewith, including obtaining any government or other approval or consent which may be required, complying with any other necessary formality and paying any issue, transfer or other taxes due in respect of such jurisdiction.

Stock Exchange Listing and Despatch of Share Certificates

The Scrip Dividend Scheme is conditional upon the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Scrip Shares. Application has been made to the Stock Exchange for listing of and permission to deal in the Scrip Shares. Certificates in respect of Scrip Shares and dividend warrants in respect of cash dividends are expected to be sent to Shareholders by post at their risk on or around 28 October 2011. You may deal in the Scrip Shares to be issued to you upon receipt of the relevant share certificate. In the unlikely event that the Scrip Shares are not admitted to listing before 28 October 2011, the form of election will be disregarded and the full cash dividend will be paid in the way as described above.

No equity or debt securities of the Company are listed on or dealt in any other stock exchange and no listing on or permission to deal in any other stock exchange is being or is proposed to be sought.

Dealings in Scrip Shares are expected to commence on 31 October 2011.

Advantage of the Scrip Dividend Scheme

The Scrip Dividend Scheme will give Shareholders the opportunity to increase their investments in the Company at a discount to market value as provided above, without incurring brokerage and stamp duty costs. The Scrip Dividend Scheme will also be to the advantage of the Company because, to the extent that Shareholders receive Scrip Shares, in whole or in part, in respect of the final dividend, such cash as would otherwise have been paid to Shareholders will be retained for use by the Company.

Recommendation

Whether or not it is to your advantage to elect to receive Scrip Shares in lieu of cash, in whole or in part, will depend upon your own individual circumstances and the decision in this regard, and all effects resulting therefrom, are the sole responsibility of each Shareholder. **IF YOU ARE IN ANY DOUBT AS TO WHAT TO DO, YOU SHOULD CONSULT A LICENSED SECURITIES DEALER, BANK MANAGER, SOLICITOR, PROFESSIONAL ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS.**

Yours faithfully,
For and on behalf of
PYI Corporation Limited
Lau Ko Yuen, Tom
Chairman and Managing Director