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If you have sold or transferred all your securities in PYI Corporation Limited, you should at once hand this circular to the purchaser or the transferee or to the bank manager, the licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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PYI Corporation Limited

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

DISCLOSEABLE TRANSACTION

ACQUISITION OF ASSETS RELATED TO LIQUID BULK LOGISTICS BUSINESS IN WUHAN, PRC AND ISSUE OF CONVERTIBLE NOTE

**Financial Adviser
KPMG Corporate Finance Limited**



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DEFINITIONS

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

“Acquisition”	the acquisition of the Assets pursuant to the Agreement
“Agreement”	the agreement dated 12 May 2006 entered into between the Purchaser and the Vendors in relation to the Acquisition
“Announcement”	the announcement of PYI dated 12 May 2006 in relation to the Acquisition
“Assets”	the assets comprised in the Acquisition as described in the paragraph headed “Assets to be acquired” in this circular
“Beijing Xinhua”	北京新華實業總公司(Beijing Xinhua Industry & Commerce Corp.*), an unincorporated entity established in the PRC
“connected person”	the meaning ascribed to it under the Listing Rules
“Convertible Note”	the zero coupon, 3-year convertible note of a principal amount denominated in HK\$ to be issued by PYI for payment of the consideration of RMB120 million under the Agreement
“Conversion Share(s)”	Share(s) that may be issued upon conversion of the Convertible Note
“Deposit”	the deposit of RMB50 million (equivalent to about HK\$48.5 million) paid as part of the consideration for the Acquisition
“Director(s)”	the directors of PYI
“Group”	PYI and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a party which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, is a third party independent of PYI and the connected persons of PYI
“Latest Practicable Date”	1 June 2006, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LPG”	liquefied petroleum gas
“Model Code”	The Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules
“Purchaser”	湖北民生石油液化氣有限公司(Hubei Minsheng Liquefied Petroleum Gas Limited*), a company incorporated in the PRC and an indirect wholly owned subsidiary of PYI
“Maturity Date”	the third anniversary of the date of issue of the Convertible Note
“PRC”	the People’s Republic of China
“PYI”	PYI Corporation Limited
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of PYI
“Share Option Scheme”	the share option scheme of PYI adopted on 27 August 2002
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Wuhan Minsheng”	武漢民生石油液化氣有限公司 (Wuhan Minsheng Liquefied Petroleum Gas Company Limited*), a company incorporated in the PRC with limited liability and an Independent Third Party
“Wuhan Jinwei”	武漢經緯液化氣船務有限公司 (Wuhan Jinwei Liquefied Gas Shipping Company Limited*), a company incorporated in the PRC with limited liability and an Independent Third Party
“Wuhan Yangfan”	武漢揚帆經濟發展有限公司 (Wuhan Yangfan Economic Development Limited*), a company incorporated in the PRC with limited liability and an Independent Third Party
“Vendors”	Wuhan Minsheng and Wuhan Jinwei

For the purpose of this circular, unless otherwise specified, the conversion of RMB into HK\$ is based on the exchange rate of RMB1.03=HK\$1.00

** English transliteration for identification purpose only*

LETTER FROM THE BOARD



PYI Corporation Limited

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

Chow Ming Kuen, Joseph *OBE, JP*
(Independent Non-executive Chairman)
Lau Ko Yuen, Tom
(Deputy Chairman & Managing Director)
Chan Kwok Keung, Charles
(Non-executive Director)
Kwok Shiu Keung, Ernest
(Independent Non-executive Director)
Chan Shu Kin
(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

2 June 2006

To the shareholders of PYI

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION ACQUISITION OF ASSETS RELATED TO LIQUID BULK LOGISTICS BUSINESS IN WUHAN, PRC AND ISSUE OF CONVERTIBLE NOTE

INTRODUCTION

On 12 May 2006, PYI announced that its PRC indirect wholly-owned subsidiary entered into an asset acquisition agreement with independent third parties to acquire assets related to liquid bulk logistics business in Wuhan, PRC, including LPG storage facilities, terminal and jetty, filling stations and equipment.

THE ACQUISITION

Agreement date

12 May 2006

Parties

The Vendors: Wuhan Minsheng and Wuhan Jinwei, each a company established in the PRC with limited liability. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendors and their respective ultimate beneficial owners are Independent Third Parties.

Wuhan Minsheng's single largest shareholder is Beijing Xinhua. Another PRC incorporated company, Wuhan Yangfan, owns 32% of Wuhan Minsheng and 90% of Wuhan Jinwei.

LETTER FROM THE BOARD

The Purchaser: Hubei Minsheng Liquefied Petroleum Gas Limited, an indirect wholly owned subsidiary of PYI established in the PRC.

Assets to be acquired

- A. The following items which are owned by Wuhan Minsheng:
- (i) LPG storage facilities including 10 storage tanks of 2,000m³ each, land use rights, buildings, equipment and tools;
 - (ii) LPG terminal and jetty (including ancillary facilities and electrical substation and equipment);
 - (iii) 13 LPG filling stations (including land use rights, buildings, equipment and tools);
 - (iv) assets employed in its contractual cooperative arrangement for the LPG cylinder business (including equipment and tools);
 - (v) 2 LPG tank trucks and other vehicles; and
 - (vi) all equipment, installation, apparatus and office equipment which are being used for the above operations;
- B. One docking barge owned by Wuhan Jinwei at the LPG terminal; and
- C. All intangible assets of Wuhan Minsheng required in the operation of the above assets and business, including trade names, models, business logos and signboards.

Consideration

RMB470 million (equivalent to about HK\$456.3 million), which consists of RMB350 million in cash and RMB120 million by issue of the Convertible Note, shall be paid in stages as follows:

- (i) RMB50 million (equivalent to about HK\$48.5 million) as deposit (which has already been paid as at the Latest Practicable Date);
- (ii) RMB57.5 million (equivalent to about HK\$55.8 million) within 3 business days of completion of transfer to the Purchaser of those of the Assets which are now pledged to Industrial and Commercial Bank of China, being the land use rights and the buildings of the LPG storage facilities, free from such pledge and obtaining the Building Ownership Certificates and other relevant documentation from governmental land authorities;
- (iii) RMB118.8 million (equivalent to about HK\$115.3 million) on completion of transfer to the Purchaser of those of the Assets which are now pledged to China Construction Bank, including (1) the 10 storage tanks; (2) the docking barge; (3) the LPG jetty; and (4) part of the assets at the 13 LPG filling stations, free from such pledge;
- (iv) RMB30 million (equivalent to about HK\$29.1 million) within 3 business days of receipt from the relevant PRC authority of written notification for payment of taxes in relation to the transfer of the land use rights for the LPG storage facilities;
- (v) RMB143.7 million (equivalent to about HK\$139.5 million) less the Deposit (which shall now be applied as part payment of amount referred to in this item (v)) within 3 business days of the Purchaser having obtained all licences and permits required for the Assets; and
- (vi) RMB120 million by way of the issue of the Convertible Note within 15 business days of the Purchaser either being transferred all rights under all leases in respect of the LPG filling stations with the consent of the landlords and/or having directly entered into leases with such landlords. In the event that the listing approval for the Conversion Shares is not granted by the Stock Exchange, the Purchaser shall pay an equivalent amount in cash.

The consideration was agreed after arm's length negotiations between the Vendors and the Purchaser by reference to the valuation of the Assets by an independent valuer, Hu Bei Liantai Accounts Business Co, Ltd. of about RMB494 million as shown in its report dated 22 March 2006.

LETTER FROM THE BOARD

The cash portion of the consideration will be financed by internal resources of the Group. However, the Group may also consider bank financing if favorable terms are available.

Financial effect of the acquisition

It is expected that the Acquisition will widen the earnings base and that it will not cause any material impact on the net assets value of the Group.

Performance guarantee

Beijing Xinhua, the single largest shareholder of Wuhan Minsheng holding 40% of its registered capital, has executed a performance guarantee in favour of the Purchaser in respect of the obligations of the Vendors under the Agreement.

PYI has also executed a performance guarantee in favour of the Vendors in respect of the obligations of the Purchaser under the Agreement.

Conditions and completion

The Acquisition will be proceeded according to the payment schedule as detailed under the section headed "Consideration" above. The Acquisition is not conditional upon approval for listing of the Conversion Shares and is not subject to any timing requirement within which the Acquisition must complete.

The Convertible Note

As set out in item (vi) under the section headed "Consideration" above, RMB120 million out of the consideration of RMB470 million will be settled by the issue of the Convertible Note. The principal terms of the Convertible Note are summarised below:

The issuer

PYI

The Convertible Note holder

A Hong Kong company to be nominated by the Vendors for taking up the Convertible Note, which shall be an Independent Third Party.

Principal amount

The HK\$ equivalent of RMB120 million on the date of issue. Applying the exchange rate of RMB1.03 to HK\$1.00, it will be about HK\$116.5 million.

Currency Adjustment

In the event that, on the date PYI is required to make payment of the principal amount outstanding under the Convertible Note, the prevailing exchange rate between HK\$ and RMB falls below that adopted for determining the principal amount in HK\$ on the date of issue, PYI shall pay the holder the shortfall (including that on the premium payable) by reference to the then prevailing exchange rate. The adjustment mechanism will ensure that the principal amount of the Convertible Note will be equivalent to RMB120 million.

Interest

The Convertible Note will not bear any interest.

Maturity

The third anniversary of the date of issue of the Convertible Note.

Redemption

Unless previously converted and cancelled PYI shall redeem the Convertible Note on the Maturity Date at the redemption amount which is 114.167% of the principal amount of the Convertible Note outstanding. The effective yield to maturity of the Convertible Note is approximately 4.52% per annum.

LETTER FROM THE BOARD

Conversion

The holder may convert the whole or any part of the principal amount of the Convertible Note into new Shares at the then prevailing conversion price, on any business day commencing from the 15th day after the date of issue of the Convertible Note up to and including the date which is 15 days prior to the Maturity Date.

Conversion price

The conversion price is HK\$4.25 per Share subject to the usual anti-dilution adjustments, including:

- (i) share consolidation or subdivision;
- (ii) capitalization of profits or reserves;
- (iii) capital distribution; or
- (iv) rights issue or a grant of options or warrants.

The initial conversion price of HK\$4.25 per Share represents (i) a premium of approximately 42.86% over the closing price of HK\$2.975 per Share as quoted on the Stock Exchange on the Latest Practicable Date; (ii) a premium of approximately 30.77% over the closing price of HK\$3.25 per Share as quoted on the Stock Exchange on 12 May 2006, being the date of the Announcement; (iii) a premium of approximately 29.57% over the average closing price of approximately HK\$3.28 per Share for the last five trading days ended 11 May 2006, being the last trading day immediately prior to the date of the Agreement; and (iv) a premium of approximately 142.86% over the unaudited net asset value per Share of HK\$1.75 as at 30 September 2005.

The initial conversion price of HK\$4.25 was determined by the Group and the Vendors on arm's length basis with reference to the current market price of the Shares and the duration of the Convertible Note.

Conversion Shares

Assuming a principal amount of HK\$116.5 million and there is an immediate exercise in full of the conversion right attached to the Convertible Note at the initial conversion price of HK\$4.25 by the holder of the Convertible Note, PYI will issue an aggregate of 27,411,764 new Conversion Shares, representing approximately (i) 1.87% of the existing issued share capital of PYI; and (ii) 1.84% of the issued share capital of PYI as enlarged by the allotment and issue of the Conversion Shares. The Conversion Shares will be issued pursuant to the general mandate granted to the Directors by the Shareholders at the annual general meeting of PYI held on 8 September 2005.

The market value of the Conversion Shares (converted at the initial conversion price of HK\$4.25) will be about HK\$89.1 million based on the closing price of HK\$3.25 per Share on 12 May 2006, being the date of the Agreement and the Announcement.

Ranking

The Conversion Shares, when allotted and issued, will rank *pari passu* in all respects with all existing Shares in issue at the date of the conversion notice.

Status of the Convertible Note

The Convertible Note constitutes a direct, general, unconditional and unsecured obligation of PYI and rank *pari passu* with all other present and future unsecured and unsubordinated obligations of PYI.

Transferability

The Convertible Note is freely transferable but may not be transferred to a connected person of PYI without the prior written consent of PYI and subject to the Listing Rules. PYI will notify the Stock Exchange if the Convertible Note is transferred to connected persons of PYI.

Voting Rights

The Convertible Note does not confer any voting rights at any meetings of PYI.

LETTER FROM THE BOARD

Listing

No application will be made for the listing of the Convertible Note. Application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

PYI shareholding structure

The transaction will not result in a change of control of PYI. The following table shows the shareholding structure of PYI immediately before and after the conversion of the Convertible Note in full assuming conversion is made at the initial conversion price of HK\$4.25 per Conversion Share based on the Shares in issue as at the Latest Practicable Date:

	Before conversion of the Convertible Note in full (approximate %)	After conversion of the Convertible Note in full (approximate %)
Substantial shareholder	27.31	26.80
Directors	0.90	0.88
The Convertible Note holder	0	1.84
Public	71.79	70.48
	<u>100</u>	<u>100</u>

Assuming a principal amount of HK\$116.5 million of the Convertible Note and a conversion price of HK\$4.25 per Conversion Share, 27,411,764 new Conversion Shares will fall to be issued upon conversion of the Convertible Note in full. As at the Latest Practicable Date, PYI has 1,464,379,910 Shares in issue. Save for share options over 72,406,000 Shares granted and outstanding pursuant to the Share Option Scheme, PYI has no outstanding convertible securities or any rights convertible into Shares.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the business of development and investment in port and other infrastructure projects, property investment, treasury investment and, through its subsidiary, construction and engineering, project management and facilities management.

The Group continues to expand its foothold in Central China by developing and investing in port and infrastructure businesses as a long-term strategic priority. The Directors consider that the Acquisition will strengthen PYI's liquid bulk cargo handling capability which complements its dry bulk cargo expertise. By gaining access to the oil and gas logistics sector in Central China, the Group's commitment to developing an integrated transshipment network along the Yangtze River will be reinforced. Together with its existing port and infrastructure network in Nantong, the Acquisition will generate a synergy for the Group by developing a sea-river logistics chain, both upstream and downstream of the Yangtze River.

The Agreement was negotiated on an arm's length basis and was agreed on normal commercial terms between the parties. The Directors consider that the terms of the Acquisition are fair and reasonable and in the interest of PYI and its shareholders as a whole.

LISTING RULES REQUIREMENTS

As the percentage ratio in respect of the consideration to be paid by the Group for the Acquisition exceeds 5% but is less than 25% of the applicable five tests under Chapter 14 of the Listing Rules, the Acquisition constitutes a discloseable transaction of PYI under the Listing Rules.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendix to this circular.

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

RESPONSIBILITY STATEMENT

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

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of PYI in the Shares, underlying Shares and debentures of PYI or any associated corporation (within the meaning of Part XV of the SFO), which were required to be notified to PYI and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) and the Model Code and which were required to be entered in the register kept by PYI pursuant to section 352 of the SFO, were as follows:

(A) Interest in Shares

Name of Director/ chief executive	Capacity	Long position/ short position	Number of Shares held	Approximate percentage of the existing issued share capital of PYI
Chan Kwok Keung, Charles	Interest of controlled corporation ^(Note)	Long position	399,859,768	27.3%
Chan Kwok Keung, Charles	Beneficial owner	Long position	11,840,896	0.81%
Chow Ming Kuen, Joseph	Beneficial owner	Long position	1,300,000	0.089%
Lau Ko Yuen, Tom	Beneficiary of a trust	Long position	120,000	0.008%

Note: Dr. Chan Kwok Keung, Charles was deemed to be interested in 399,859,768 Shares by virtue of his shareholding in Chinaview International Limited (“Chinaview”). Galaxyway Investments Limited (“Galaxyway”), a wholly-owned subsidiary of Chinaview, owned approximately 34.99% of the issued ordinary share capital of ITC Corporation Limited (“ITC”) which in turn owned the entire issued share capital of ITC Investment Holdings Limited (“ITC Investment”). Hollyfield Group Limited (“Hollyfield”), a wholly-owned subsidiary of ITC Investment, owned these Shares.

(B) Options to subscribe for Shares

Name of Director/ chief executive	Date of grant	Exercisable period	Subscription price per Share HK\$	Number of underlying Shares comprised in the options	Approximate percentage of the existing issued share capital of PYI
Lau Ko Yuen, Tom	28.12.2004	28.12.2004 to 26.08.2012	1.24	6,500,000	0.444%
	28.12.2004	28.12.2004 to 26.08.2012	1.50	6,500,000	0.444%
Kwok Shiu Keung, Ernest	28.12.2004	28.12.2004 to 26.08.2012	1.24	650,000	0.044%
	28.12.2004	28.12.2004 to 26.08.2012	1.50	650,000	0.044%
Chan Shu Kin	28.12.2004	28.12.2004 to 26.08.2012	1.24	650,000	0.044%
	28.12.2004	28.12.2004 to 26.08.2012	1.50	650,000	0.044%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of PYI had any interests or short positions in the Shares, underlying Shares or debentures of PYI or any associated corporation (within the meaning of Part XV of the SFO) as notified to PYI and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or as recorded in the register kept by PYI pursuant to section 352 of the SFO or as otherwise notified to PYI and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

As at the Latest Practicable Date, according to the register of interest kept by PYI under Section 336 of the SFO and so far as was known to the Directors and the chief executive of PYI, the following are details of the persons (other than a Director or chief executive of PYI) who had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to PYI under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital (including any option in respect of such capital) carrying rights to vote in all circumstances at general meeting of any other member of the Group:

(A) PYI

(1) Substantial Shareholders

Name of Shareholder	Capacity	Long position/ short position	Number of Shares held	Approximate percentage of the existing issued share capital of PYI
Chan Kwok Keung, Charles	Interest of controlled corporation ^(Note)	Long position	399,859,768	27.3%
Chan Kwok Keung, Charles	Beneficial owner	Long position	11,840,896	0.81%
Ng Yuen Lan, Macy	Interest of spouse ^(Note)	Long position	411,700,664	28.11%
Chinaview	Interest of controlled corporation ^(Note)	Long position	399,859,768	27.3%
Galaxyway	Interest of controlled corporation ^(Note)	Long position	399,859,768	27.3%
ITC	Interest of controlled corporation ^(Note)	Long position	399,859,768	27.3%
ITC Investment	Interest of controlled corporation ^(Note)	Long position	399,859,768	27.3%
Hollyfield	Beneficial owner ^(Note)	Long position	399,859,768	27.3%

Note: Hollyfield, a wholly-owned subsidiary of ITC Investment (which was in turn a wholly-owned subsidiary of ITC), owned 399,859,768 Shares. Galaxyway, a wholly-owned subsidiary of Chinaview, owned 34.99% of the issued ordinary share capital of ITC. Dr. Chan Kwok Keung, Charles owned the entire issued share capital of Chinaview. Dr. Chan Kwok Keung, Charles, Chinaview, Galaxyway, ITC and ITC Investment were therefore all deemed to be interested in the said 399,859,768 Shares held by Hollyfield. Ms. Ng Yuen Lan, Macy, the spouse of Dr. Chan Kwok Keung, Charles, was deemed to be interested in the said 399,859,768 Shares held by Hollyfield and 11,840,896 Shares held directly by Dr. Chan Kwok Keung, Charles.

(2) Other Shareholders

Name of Shareholder	Capacity	Long position/ short position	Number of shares held	Approximate percentage of the existing issued share capital of PYI
Gandhara Advisors Asia Ltd a/c Gandhara Master Fund Ltd	Investment manager	Long position	122,617,997	8.37%
The Children's Investment Fund Management (UK) LLP	Investment manager ^(Note)	Long position	121,000,000	8.26%
The Children's Investment Master Fund	Beneficial owner ^(Note)	Long position	121,000,000	8.26%
Aeneas Capital Management LP	Investment manager	Long position	119,355,009	8.15%
OZ Management, L.L.C.	Investment manager	Long position	95,848,377	6.55%
Christian Emil Toggenburger	Beneficial owner	Long position	82,027,653	5.60%
Deutsche Bank Aktiengesellschaft	Beneficial owner	Long position	299,884	0.02%
Deutsche Bank Aktiengesellschaft	Investment manager	Long position	2,000,000	0.14%
Deutsche Bank Aktiengesellschaft	Security interest	Long position	68,367,151	4.67%

Note: The Children's Investment Master Fund is accustomed or obliged to act in accordance with the directions or instructions of The Children's Investment Fund Management (UK) LLP. Therefore, The Children's Investment Fund Management (UK) LLP is accordingly deemed to be having the same interests in the Shares as The Children's Investment Master Fund.

(B) Other members of the Group

Name of subsidiary	Name of shareholder	Approximate percentage of the existing issued share capital/ registered capital
Airfield Works Joint Venture	Downer and Company Limited	49.0%
Associate Marble Maintenance And Service Company Limited	Lam Shing Wing	40.0%
D & C Engineering (H.K.) Limited	Artery Construction Management Limited	45.0%
Jiangsu Wanhua Real Estate Development Co., Ltd	如東縣東泰社會發展投資有限責任公司 (Rudong County Dongtai Society Development Limited*)	40.0%
Jiangsu YangKou Port Development and Investment Co., Ltd	如東縣東泰社會發展投資有限責任公司 (Rudong County Dongtai Society Development Limited*)	25.0%
Jiangsu Yangtong Investment and Development Co., Ltd	如東縣東泰社會發展投資有限責任公司 (Rudong County Dongtai Society Development Limited*)	25.0%
Paul Y. – CCECC Joint Venture	China Civil Engineering Construction Corporation	40.0%
Paul Y. – CREC Engineering Co., Limited	China Railway Engineering Corporation	30.0%
Paul Y. – CREC Joint Venture	China Railway Engineering Corporation	30.0%
Paul Y. – CREC(HK) Joint Venture	China Railway Engineering Corporation	40.0%
Skynet Limited	Icon Master Enterprises Limited	18.1%

* English transliteration for identification purpose only

Save as disclosed above, the Directors and the chief executive of PYI are not aware that there is any party who, as at the Latest Practicable Date, had an interest or short positions in the Shares and underlying Shares which would fall to be disclosed to PYI under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such Shares.

SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, interests of the Directors in competing business which are required to be disclosed pursuant to Rule 8.10 of the Listing Rules were as follows:

Name of Director	Name of entity which businesses are considered to compete or likely to compete with the business of the Group	Description of businesses of the entity which are considered to compete or likely to compete with the businesses of the Group	Nature of Interest of the Director in the entity
Chan Kwok Keung, Charles	China Strategic Holdings Limited ("CSH") and its subsidiaries	Property development and investment in PRC	As the Chairman and chief executive officer of CSH
Chan Kwok Keung, Charles	Hanny Holdings Limited ("Hanny") and its subsidiaries	Property investment in Hong Kong	As the Chairman, an executive director and substantial shareholder of Hanny

Save as disclosed above, none of the Directors or their respective associates were interested in any business, apart from the Group's businesses, which competes or is likely to compete, either directly or indirectly, with the business of the Group as at the Latest Practicable Date.

MATERIAL CHANGE

There has been no material adverse change in the financial or trading position of the Group since 31 March 2005, being the date to which the latest audited consolidated financial statements of PYI were made up.

LITIGATION

The Group succeeded in its claim against an ex-shareholder of PYI under a guarantee to recover losses incurred by an associated company of PYI amounting to approximately HK\$123,711,000. The Group was given judgment against the ex-shareholder on 18 July 2005 for these losses, together with interest and costs incurred, in the total sum of approximately HK\$210 million. The ex-shareholder has made full payment, but has also lodged an appeal against the judgment. The appeal will be heard in October 2006.

Save as disclosed above, no member of the Group was engaged in any litigation or arbitration of material importance as at the Latest Practicable Date and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group.

MISCELLANEOUS

- (i) The qualified accountant of PYI is Mr. Wong Yiu Hung, CPA, FCCA.
- (ii) The secretary of PYI is Ms. Wong Lai Kin, Elsa, LL.B., LL.M., MCF, a solicitor qualified in Hong Kong and England and Wales.
- (iii) The registered office of PYI is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal place of business of PYI in Hong Kong is at 31st Floor, Paul Y. Centre, 51 Hung To Road, Kwun Tong, Kowloon, Hong Kong.
- (iv) The principal share registrar and transfer office of PYI is Butterfield Fund Services (Bermuda) Limited of Rosebank Centre, 11 Bermudiana Road, Pembroke, Bermuda and the branch share registrar and transfer office of PYI in Hong Kong is Secretaries Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (v) The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.