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PYI Corporation Limited

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

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(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)
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11 October 2007

To the Shareholders

Dear Sir or Madam,

SCRIP DIVIDEND SCHEME WITH CASH OPTION IN RELATION TO THE FINAL DIVIDEND FOR THE YEAR ENDED 31 MARCH 2007

On 20 July 2007, it was announced that the board of directors of PYI Corporation Limited (the "Company") recommended the payment of a final dividend of HK1.5 cents per share of HK\$0.10 each in the capital of the Company ("Share") for the year ended 31 March 2007, such final dividend to be paid by way of scrip ("Scrip Shares") with an option to elect cash, payable to shareholders of the Company ("Shareholders") whose names appear on the register of members of the Company as at the close of business on 10 October 2007 ("Scrip Dividend Scheme"). The final dividend was duly approved at the annual general meeting of the Company held on 20 September 2007. The register of members of the Company was closed from 8 October 2007 to 10 October 2007, both dates inclusive, during which period no transfers of shares were permitted to 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 registrars in Hong Kong, Tricor Secretaries Limited of 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong on 5 October 2007.

Particulars of Scrip Dividend Scheme

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

- (a) an allotment of Scrip Shares at HK\$2.815 per Scrip Share (as determined by the market value stated below) credited as fully paid in satisfaction of the final dividend to which such Shareholder is entitled; or
- (b) HK1.5 cents in cash for each existing Share held on 10 October 2007; or
- (c) a combination of partly in (a) and partly in (b) above.

As stated in the announcement of 20 July 2007, 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 10 October 2007 less a discount of five per cent. of such average price or to the par value of the Shares, whichever is the higher. Since the average closing price of the Shares on the Stock Exchange for the three consecutive trading days ended 10 October 2007 was approximately HK\$2.963 ("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\$2.815 (which is higher than the par value of the 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:

$$\begin{array}{l} \text{Number of Scrip Shares} \\ \text{to be received under the} \\ \text{Scrip Dividend Scheme} \end{array} = \begin{array}{l} \text{Number of existing Shares held on} \\ \text{10 October 2007 for which the dividend is} \\ \text{to be satisfied in Scrip Shares under} \\ \text{the Scrip Dividend Scheme} \end{array} \times \frac{0.015}{2.815}$$

If all Shareholders elect to receive their entitlement in Scrip Shares, based on 1,497,839,407 Shares in issue as at 10 October 2007, not more than 7,981,382 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 2007. 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.

Cash Election Form

A Cash Election Form is enclosed. **Any Shareholder who wishes to receive only Scrip Shares in respect of his/her final dividend entitlement need not complete the Cash Election Form. No Cash Election Forms are being sent to Shareholders who have previously lodged a form of election electing to receive all future dividends in cash. Any Shareholder who wishes to receive cash in lieu of Scrip Shares in respect of his/her final dividend entitlement, either in whole or in part, must complete the Cash Election Form 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 26 October 2007. No acknowledgement of receipt of the said form will be issued.**

If you complete the Cash Election Form but do not specify the number of Shares in respect of which you elect to receive cash, or if you elect to receive cash in respect of a greater number of Shares than your registered holding on 10 October 2007, then in either case you will be deemed to have elected to receive cash 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 10 October 2007 (being the record date for the purpose of determining Shareholders' entitlement to such dividend), save that there was one Shareholder in Macau, one Shareholder in Malaysia and one Shareholder in Taiwan, all of the Shareholders have registered addresses in Hong Kong.

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 will be 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 8 November 2007. 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 8 November 2007, all Cash Election Forms will be disregarded and the full amount of dividend will be paid in cash.

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

Dealings in Scrip Shares are expected to commence on 9 November 2007.

Advantage of 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 (whether 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 cash in lieu of Scrip Shares, 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
Chow Ming Kuen, Joseph OBE, JP
Chairman