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If you have sold or transferred all your shares 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

INVESTMENT FOR 51% INTEREST IN YICHANG PORT GROUP LIMITED

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DEFINITIONS

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

“Agreement”	the conditional agreement dated 2 September 2008 entered into among PYI, Existing YPG Shareholders and Yichang Port Group relating to the Investment
“Announcement”	the announcement dated 3 September 2008 made by PYI in relation to the Investment
“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Completion”	completion of the Agreement with performance by PYI, Existing YPG Shareholders and Yichang Port Group of their respective obligations in accordance with the provisions of the Agreement
“Director(s)”	the director(s) of PYI
“Existing YPG Shareholders”	the existing shareholders of Yichang Port Group immediately before Completion, comprising Yichang State-owned Assets Commission and Yiling and excepting Fulin Port Authority
“Fulin Port Authority”	涪陵港務管理局
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Investment”	the proposed investment in Yichang Port Group by injection of the New Capital pursuant to the terms and conditions of the Agreement
“Latest Practicable Date”	19 September 2008, 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
“Model Code”	The Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules
“New Capital”	approximately RMB114 million (equivalent to approximately HK\$130 million) in cash, being the amount payable by the Subscriber into Yichang Port Group pursuant to the Agreement
“PRC” or “China”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macao 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
“SFO”	the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong)
“Shareholders”	holder(s) of Shares

DEFINITIONS

“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of PYI
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	PYI Yichang Investment Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of PYI
“Valuation Report”	the valuation report dated 28 March 2008 issued by 山東大地有限責任會計師事務所 on the assets of Yichang Port Group as at 31 December 2007
“Yichang Port Group”	宜昌港務集團有限責任公司(Yichang Port Group Limited*)
“Yichang State-owned Assets Commission”	宜昌市國有資產監督管理委員會(State-owned Assets Supervision and Administration Commission of Yichang Municipal Government*)
“Yiling”	宜昌市夷陵國有資產經營有限公司(Yichang Yiling State-owned Assets Operation Co. Ltd*), an enterprise wholly owned by the Yichang State-owned Assets Commission
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“TEU”	Twenty-foot equivalent unit
“%”	per cent.
“mu”	畝, a measurement of land used in PRC

* *English transliteration for identification purpose only*

An exchange rate of HK\$1 to RMB0.876 has been adopted in this circular for illustration purposes.

LETTER FROM THE BOARD



PYI Corporation Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 498)

Chow Ming Kuen, Joseph
(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
(Independent Non-Executive Director)
Li Chang An
(Independent Non-Executive Director)

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51 Hung To Road
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Hong Kong

23 September 2008

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

INVESTMENT FOR 51% INTEREST IN YICHANG PORT GROUP LIMITED

INTRODUCTION

On 3 September 2008, the Company announced its proposed investment in Yichang Port Group by injection of the New Capital pursuant to the terms and conditions of the Agreement.

On 2 September 2008, PYI Group entered into the Agreement to invest in Yichang Port Group by way of injection of the New Capital into Yichang Port Group, which amount represented a 51% equity interest in the share capital of Yichang Port Group as enlarged by the New Capital. The total sum payable by PYI Group under the Agreement is approximately RMB149 million (equivalent to approximately HK\$170 million).

THE AGREEMENT

Date: 2 September 2008

Parties:

- (1) PYI;
- (2) Yichang State-owned Assets Commission, a PRC government body established for holding state-owned assets in Yichang;
- (3) Yiling, an enterprise wholly owned by Yichang State-owned Assets Commission and which principal business activity is the management of state-owned assets in Yichang on behalf of Yichang State-owned Assets Commission; and
- (4) Yichang Port Group

LETTER FROM THE BOARD

To the best of the knowledge, information and belief of the Directors and after making all reasonable enquiries, as at the Latest Practicable Date, (i) Yichang Port Group, Existing YPG Shareholders, their respective ultimate beneficial owners and their respective associates are third parties independent of PYI and its connected persons (as defined under the Listing Rules) and are not connected persons of PYI and (ii) there was no previous transaction between PYI and Yiling and Yichang State-owned Assets Commission (and also their associates) in the past 12 months which may require aggregation under Rule 14.22 of the Listing Rules.

Amount of investment

The total sum payable by PYI Group under the Agreement is approximately RMB149 million (equivalent to approximately HK\$170 million). The New Capital of approximately RMB114 million (equivalent to approximately HK\$130 million) in cash will be invested by the Subscriber into Yichang Port Group in return for a 51% equity interest in the registered capital of Yichang Port Group and approximately RMB35 million (equivalent to approximately HK\$40 million) will be payable to Yichang State-owned Assets Commission as controlling premium. The amount of investment was arrived at having regard to (i) the net assets of RMB109.42 million (equivalent to approximately HK\$125 million) of Yichang Port Group immediately after the asset restructuring of Yichang Port Group but prior to the injection of the New Capital; (ii) a premium for control as Yichang Port Group will become a subsidiary of PYI Group upon Completion; (iii) the strategic value of Yichang Port being the transshipping hub for the middle and upper reach of the Yangtze; and (iv) the future potentials of Yichang Port Group in view of, inter alia, its improved prospects arising from the asset restructuring referred to in the section headed "Asset restructuring of Yichang Port Group" mentioned below which included disposal of non-performing assets. The Directors consider the aforesaid amount of investment, including the amount of premium, and the terms of the Investment to be fair and reasonable.

Under the terms of the Agreement, PYI Group has no obligation to inject further amount into Yichang Port Group other than the New Capital. In the event that the joint venture or other agreements to be entered into by PYI Group pursuant to the Agreement provides for further capital injection by PYI Group, it will make further announcement and comply with further requirements of the Listing Rules.

Yichang Port Group

Yichang Port Group is a state owned enterprise incorporated in the PRC in April 2003. It is principally engaged in transport logistics and properties investments, providing transportation, cargo loading and discharging, storage, shipping agent, cargo agent, port logistics and port equipment rental services in Yichang Port, which is located on the Yangtze River near the Three Gorges Dam in Yichang, Hubei Province. It is listed as one of the eight largest ports on the Yangtze River.

Yichang Port Group is the core port enterprise at Yichang Port, who achieved a cargo throughput of 7.34 million tons in 2007, accounting for 22.7% of the latter's total throughput. It occupies approximately 11.9 kilometres of shoreline along the Yangtze River and land of 1,504 mu (approximately 1.0 square kilometre), and owns 57 berths. It also houses the largest feeder port for phosphate in PRC and one of the four railway/river transshipment hub ports for coal along Yangtze River. In 2007, Yichang Port Group achieved cargo throughputs of 3.86 million tons for coal, 1.64 million tons for minerals and 0.86 million tons for chemicals and fertilizers, accounting for 55.8%, 27.4% and 80.8% respectively at Yichang Port. Housing the only container cargo terminal near the Three Georges Dam region, container throughput achieved by Yichang Port Group in 2007 was 31,789 TEU.

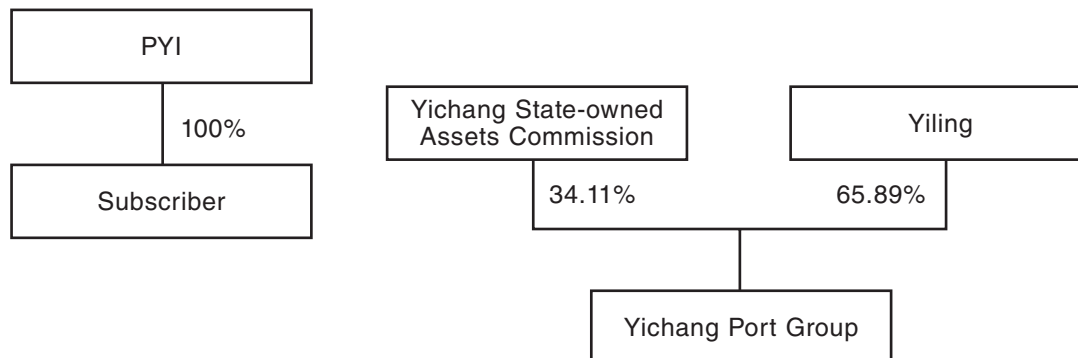
Yichang Port Group has over 20 subsidiaries and owns equity interests in various companies, most of which are engaged in the provision of port-related services in Yichang.

LETTER FROM THE BOARD

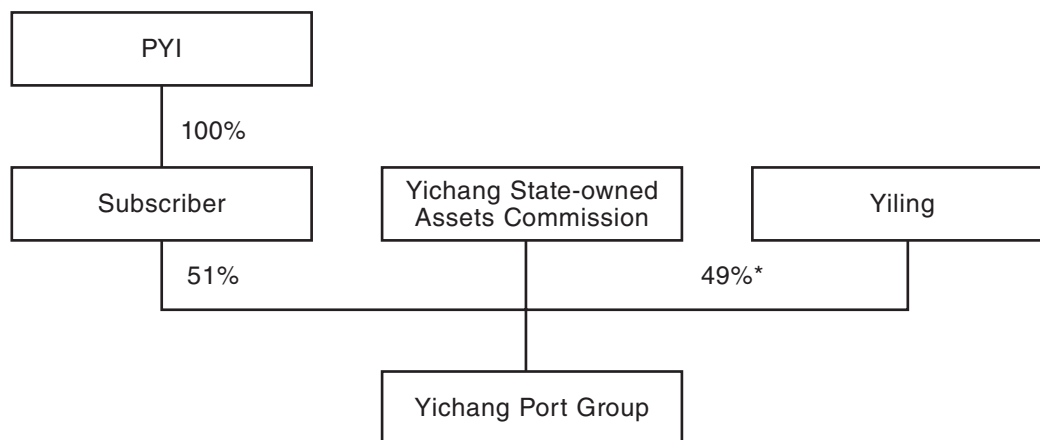
Shareholding in Yichang Port Group

Yichang Port Group currently has three shareholders, namely Yichang State-owned Assets Commission (as to 34.11%), Yiling (as to 65.23%) and Fulin Port Authority (as to 0.66%). The parties required a new strategic investor to participate in Yichang Port Group through the injection of the New Capital to implement the expansion plans of Yichang Port Group to meet the continuous increase in demand for port and logistics services in the area. The fund raised from the Subscriber is expected to be used for the purposes of expansion in existing facilities, increasing working capital and rationalisation of Yichang Port Group's capital structure.

Yiling will acquire the interests of Fulin Port Authority prior to Completion. Set out below is the ownership structure of Yichang Port Group immediately after such acquisition but before Completion:



Set out below is the ownership structure of Yichang Port Group immediately after Completion:



* The percentage equity interest between Yichang State-owned Assets Commission and Yiling has not yet been determined as at the Latest Practicable Date.

Asset restructuring of Yichang Port Group

Pursuant to the Agreement, Yichang Port Group will be converted into and re-registered as a Sino-foreign joint venture. PYI Group will inject New Capital into Yichang Port Group while Yichang Port Group will implement a restructuring of its assets to improve the allocation of its resources and its operating efficiency and such that Yichang Port Group will, immediately prior to injection of New Capital, have a net asset value of RMB109.42 million (which will be audited by an international firm of accountants to be agreed by the parties, with the valuation of the assets based on the Valuation Report).

LETTER FROM THE BOARD

The asset restructuring of Yichang Port Group will primarily involve:

1. Removal of certain existing assets, including fixed assets and their associated liabilities (which include non-performing assets, allocated land and assets not relating to Yichang Port Group's port operations, for example, the hospital and education institute currently operated by Yichang Port Group);
2. Obtaining all land use rights certificates and building ownership certificates in the name of Yichang Port Group for all its real properties;
3. Registration of all relevant assets and properties under the name of Yichang Port Group, including construction in progress, vehicles, barges and vessels as well as other equipment and long term investments;
4. Resolution and rectification of the overdue taxation liabilities and levies;
5. Acquisition of minority shareholdings of certain non-wholly-owned subsidiaries and shareholdings of certain associated companies; and
6. Rationalization of all amounts and benefits payable to existing employees and the signing of new employment contracts with Yichang Port Group after its conversion into a Sino-foreign joint venture.

Financial information on Yichang Port Group

The following is a summary of the audited consolidated financial statements of Yichang Port Group (prior to the asset restructuring mentioned above) for each of the three years ended 31 December 2007 and the unaudited consolidated financial statements for the six months ended 30 June 2008, prepared in accordance with generally accepted accounting principles in the PRC:

	Six months ended 30 June 2008	Year ended 31 December		
	<i>(RMB million)</i> (unaudited)	2007 <i>(RMB million)</i> (audited)	2006 <i>(RMB million)</i> (audited)	2005 <i>(RMB million)</i> (audited)
Turnover	74.4	151.5	141.1	117.9
Net profit/(loss) before taxation	(0.2)	1.3	(0.9)	(2.3)
Net profit/(loss) after taxation	(0.4)	0.5	(1.1)	(2.3)
	As at 30 June 2008	As at 31 December		
	<i>(RMB million)</i> (unaudited)	2007 <i>(RMB million)</i> (audited)	2006 <i>(RMB million)</i> (audited)	2005 <i>(RMB million)</i> (audited)
Total assets	713.1	640.7	580.7	596.2
Total liabilities	469.3	396.0	342.6	435.4
Minority interests	18.9	18.4	18.5	7.9
Shareholders' equity	224.9	226.3	219.6	152.9

Payment

The total consideration shall be payable in the following manner (subject to all the conditions referred to in the section headed "Completion" below having been fulfilled):

1. 60% of the New Capital (i.e. approximately RMB68 million (equivalent to approximately HK\$78 million)) within 1 month from the date of Yichang Port Group obtaining the certificate of approval for foreign-invested enterprises;
2. the remaining 40% of the New Capital (i.e. approximately RMB46 million (equivalent to approximately HK\$52 million)) within 6 months from the date of issue of the new business licence of Yichang Port Group; and

LETTER FROM THE BOARD

3. a sum of RMB35 million (equivalent to approximately HK\$40 million) upon Yichang Port Group obtaining the certificate of approval for foreign-invested enterprises.

Payment of the total consideration will be financed by the internal resources of the PYI Group. The Directors expect that the certificate of approval for foreign-invested enterprises and new business licence of Yichang Port Group will be issued by around January and February 2009 respectively.

Completion

The Agreement is a master agreement and conditional. After signing of the Agreement, Yichang State-owned Assets Commission, Yiling and the Subscriber will enter into a capital injection agreement in relation to the injection of the New Capital upon satisfaction of, inter alia, the following conditions precedent contained in the Agreement:

1. completion of the transfer of the equity interest in Yichang Port Group held by Fuling Port Authority to Yiling and all relevant documentation in respect thereof having been obtained and filing completed;
2. completion of the asset reorganisation of Yichang Port Group abovementioned;
3. completion of the audit of the construction works in progress of Yichang Port Group;
4. the parties being satisfied with the valuation of the assets of Yichang Port Group;
5. the legal title of the land use rights of Yichang Port Group having been obtained and completed;
6. no material issues being revealed by the financial and legal due diligence of Yichang Port Group;
7. Yichang Port Group having obtained legal opinion on the establishment of Yichang Port Group, its assets and liabilities and other material aspects as well as the legality of the asset reorganisation mentioned above having been obtained; and
8. written confirmation having been obtained from the financing banks of Yichang Port Group of the continuation of the existing banking facilities after the conversion of the company into a Sino-foreign joint venture.

The parties shall facilitate completion of the conditions precedents within 3 months from the date of the Agreement (or such extended time as the parties may agree) and agree to enter into the relevant capital injection agreement to formalise PYI Group's capital injection and to enter into the joint venture agreement and articles of association of Yichang Port Group in order to apply for relevant PRC government approval for the conversion of Yichang Port Group into a Sino-foreign joint venture as soon as practicable after the signing of the Agreement. The Directors expect that the capital injection agreement, the joint venture agreement and articles of association will be signed in December 2008.

Termination

The Agreement may be terminated in the event of any of the following:

1. agreement by all parties to terminate the Agreement;
2. formation of Yichang Port Group as a Sino-foreign joint venture not being approved by the relevant PRC regulatory authorities including the Ministry of Commerce or its municipal equivalents;
3. as a result of a change in law or government policy, the implementation of the Agreement becoming impossible or impracticable; or
4. the parties agreeing to terminate the Agreement as a result of force majeure.

LETTER FROM THE BOARD

Board representation

The joint-venture agreement and articles of association of Yichang Port Group will provide that its board of directors shall comprise 7 members, with the Subscriber being entitled to appoint 4 members, Yichang State-owned Assets Commission to appoint 2 members and Yiling to appoint 1 member.

REASONS FOR THE INVESTMENT

The Investment reinforces PYI Group's commitment to the rapidly developing ports and infrastructure sector in China. It is consistent with the PYI Yangtze Strategy, which has been established for the long-term corporate development target of PYI. The Directors consider that with the sustained high growth of China's economy, building of an efficient network of ports is critical for the continuous development of the economy and its import and export activities along the Yangtze River Region.

As the regional transshipment hub port in the middle and upper reach of the Yangtze, Yichang Port Group will play a significant role in the implementation of the PYI Yangtze Strategy. There will be operational synergy between Yichang Port Group and the other port investments of PYI along the Yangtze River Region, which will enhance the critical mass and the overall competitiveness of PYI Group in the market. The Directors are confident that barring any unforeseen adverse situation, the Investment will generate profit right from the outset.

FINANCIAL EFFECT OF THE INVESTMENT

Upon Completion, Yichang Port Group will become a subsidiary of PYI Group and its results, assets and liabilities will be consolidated into PYI Group's accounts. The total assets and total liabilities of PYI Group will be increased accordingly. The Directors believe that the Investment will contribute to the earnings base of PYI Group positively but the extent thereof will depend on the future performance of Yichang Port Group. Save as aforesaid, the Investment will not have any significant immediate effect on the results of PYI Group.

INFORMATION OF PYI GROUP

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.

GENERAL

The Investment constitutes a discloseable transaction for PYI under the Listing Rules as the applicable percentage ratios represent 5% or more but less than 25% for PYI.

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 of
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 PYI 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 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) PYI

(1) 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
Chow Ming Kuen, Joseph	Beneficial owner	Long position	1,314,035	0.09%
Lau Ko Yuen, Tom	Beneficial owner	Long position	4,745,825	0.31%
Chan Kwok Keung, Charles	Interest of controlled corporation (Note)	Long position	404,512,565	26.82%
	Beneficial owner	Long position	11,978,677	0.79%
Kwok Shiu Keung, Ernest	Beneficial owner	Long position	1,300,000	0.086%

Note: These 404,512,565 Shares were owned by Hollyfield Group Limited ("Hollyfield"), a wholly-owned subsidiary of ITC Investment Holdings Limited ("ITC Investment" which was, in turn, a wholly-owned subsidiary of ITC Corporation Limited ("ITC")). Galaxyway Investments Limited ("Galaxyway"), an indirect wholly-owned company of Dr Chan Kwok Keung, Charles, owned approximately 30.08% of the issued ordinary share capital of ITC. Dr Chan Kwok Keung, Charles also personally held approximately 4.69% of the issued ordinary share capital of ITC. By virtue of his aggregate interest of approximately 34.77% in ITC, Dr Chan Kwok Keung, Charles was deemed to be interested in said 404,512,565 Shares held by Hollyfield.

(2) Options to subscribe for Shares

Name of Director/ chief executive	Date of grant	Exercisable period	Exercise price per Share HK\$	Number of underlying Shares comprised in the options	Approximate of 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	0.43%
	28.12.2004	28.12.2004 to 26.08.2012	1.50	6,500,000	0.43%
	08.09.2006	08.09.2008 to 07.09.2009	2.48	4,600,000	0.31%
	18.09.2007	18.09.2008 to 17.09.2009	3.546	3,900,000	0.26%
	18.09.2007	18.09.2009 to 17.09.2010	3.546	3,900,000	0.26%
	03.06.2008	03.06.2008 to 02.06.2009	2.00	3,370,000	0.22%
Chan Shu Kin	28.12.2004	28.12.2004 to 26.08.2012	1.24	650,000	0.04%
	28.12.2004	28.12.2004 to 26.08.2012	1.50	650,000	0.04%
Leung Po Wing, Bowen Joseph	08.09.2006	08.09.2006 to 26.08.2012	2.43	1,300,000	0.09%
Li Chang An	06.02.2007	06.02.2007 to 26.08.2012	3.00	1,300,000	0.09%

(3) Warrants to subscribe for Shares (Note)

Name of Director/ chief executive	Subscription period	Subscription price per share HK\$	Number of underlying Shares comprised in the warrants	Approximate percentage of the existing issued share capital of PYI
Chow Ming Kuen, Joseph	26.09.2008 to 25.09.2009	1.00	219,005	0.01%
Lau Ko Yuen, Tom	26.09.2008 to 25.09.2009	1.00	790,970	0.05%
Chan Kwok Keung, Charles	26.09.2008 to 25.09.2009	1.00	69,415,206	4.60%
Kwok Shiu Keung, Ernest	26.09.2008 to 25.09.2009	1.00	216,666	0.01%

Note: On 18 September 2008, these Directors were entitled to receive a final dividend for the year ended 31 March 2008 by way of warrants issue on the basis of one warrant for every six existing Shares held by each of them. Such entitlement has not been notified to the Stock Exchange as at the Latest Practicable Date. For details of the warrants issue of PYI, please refer to the announcement and the circular of PYI dated 23 July 2008 and 1 August 2008 respectively.

(B) Paul Y. Engineering Group Limited ("PYE")

Name of Director/ chief executive	Date of grant	Exercisable period	Exercise price per Share HK\$	Number of underlying Shares comprised in the options	Approximate of percentage of the existing issued share capital of PYE
Lau Ko Yuen, Tom	08.06.2007	01.07.2007 to 30.06.2009	1.36	500,000	0.08%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors 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, 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 PYI Group:

(A) PYI

(1) Substantial Shareholders

Name of Shareholder	Capacity	Long position/ short position	Number of Shares held	Number of underlying Shares (Note 2)	Approximate percentage of the existing issued share capital of PYI	Approximate percentage of the enlarged issued share capital of PYI (Note 3)
Chan Kwok Keung, Charles	Interest of controlled corporation (Note 1)	Long position	404,512,565	67,418,760	31.29%	26.82%
	Beneficial owner	Long position	11,978,677	1,996,446	0.93%	0.79%
Ng Yuen Lan, Macy	Interest of spouse (Note 1)	Long position	416,491,242	69,415,206	32.21%	27.61%
ITC	Interest of controlled corporation (Note 1)	Long position	404,512,565	67,418,760	31.29%	26.82%
ITC Investment	Interest of controlled corporation (Note 1)	Long position	404,512,565	67,418,760	31.29%	26.82%
Hollyfield	Beneficial owner (Note 1)	Long position	404,512,565	67,418,760	31.29%	26.82%

Notes:

- Hollyfield, a wholly-owned subsidiary of ITC Investment (which was, in turn, a wholly owned subsidiary of ITC), owned 404,512,565 Shares and 67,418,760 underlying Shares. Accordingly, ITC Investment and ITC were deemed to be interested in the said 404,512,565 Shares and 67,418,760 underlying Shares held by Hollyfield. Galaxyway, an indirect wholly-owned company of Dr. Chan Kwok Keung, Charles, owned approximately 30.08% of the issued ordinary share capital of ITC. Dr Chan Kwok Keung, Charles also personally held approximately 4.69% of the issued share capital of ITC. By virtue of his aggregate interest of approximately 34.77% in ITC, Dr. Chan Kwok Keung, Charles was deemed to be interested in the Shares and the underlying 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 404,512,565 Shares and 67,418,760 underlying Shares held by Hollyfield and 11,978,677 Shares and 1,996,446 underlying Shares held directly by Dr. Chan Kwok Keung, Charles.
- The interests in the respective number of underlying Shares arise from their interests in listed physically settled warrants of PYI to be issued as final dividend for the year ended 31 March 2008 on the basis of one warrant for every six existing Shares held by each of them. The warrants of PYI entitle holders thereof to subscribe at any time during the period from 26 September 2008 to 25 September 2009 (both days inclusive) for the fully paid Shares at an initial subscription price of HK\$1 per Share. For details of the warrants issue, please refer to the announcement and the circular of PYI dated 23 July 2008 and 1 August 2008 respectively.

3. The enlarged issued share capital means the existing issued share capital of 1,508,393,517 Shares enlarged by 251,398,919 new Shares falling to be issued upon full exercise of the subscription rights attaching to the warrants of PYI. For details of the warrants issue, please refer to the announcement and the circular of PYI dated 23 July 2008 and 1 August 2008 respectively.

(2) *Other Shareholders*

Name of Shareholder	Capacity	Long position/ short position	Number of Shares held	Number of underlying Shares (Note 4)	Approximate percentage of the existing issued share capital of PYI	Approximate percentage of the enlarged issued share capital of PYI (Note 5)
Daniel Saul Och	Interest of controlled corporation (Note 1)	Long position	135,753,052	22,625,508	10.50%	9.00%
Och-Ziff Capital Management Group LLC ("Och-Ziff Capital")	Interest of controlled corporation (Note 1)	Long position	135,753,052	22,625,508	10.50%	9.00%
Och-Ziff Holding Corporation ("Och-Ziff Holding")	Interest of controlled corporation (Note 1)	Long position	135,753,052	22,625,508	10.50%	9.00%
OZ Management, L.P. ("OZ Management")	Investment manager (Note 1)	Long position	135,753,052	22,625,508	10.50%	9.00%
OZ Asia Master Fund, Ltd. ("OZ Asia")	Beneficial owner (Note 1)	Long position	77,017,570	12,836,261	5.96%	5.11%
Gandhara Master Fund Ltd.	Investment manager	Long position	116,457,994	19,409,665	9.01%	7.72%
The Children's Investment Fund Management (UK) LLP	Investment manager (Note 2)	Long position	105,362,000	17,560,333	8.15%	6.99%
The Children's Investment Master Fund	Beneficial owner (Note 2)	Long position	105,362,000	17,560,333	8.15%	6.99%
UBS AG	Security interest	Long position	89,491,180	14,915,196	6.92%	5.93%
	Interest of controlled corporation (Note 3)	Long position	1,127,450	187,908	0.09%	0.07%
Christian Emil Toggenburger	Beneficial owner	Long position	84,244,397	14,040,732	6.52%	5.59%

Notes:

1. OZ Management, a wholly-owned subsidiary of Och-Ziff Holding (which was, in turn, a wholly-owned subsidiary of Och-Ziff Capital) through its various direct wholly-owned subsidiaries and entities (including OZ Asia) held interests in the Shares and underlying Shares. Mr Daniel Saul Och owned approximately 79.10% interest in Och-Ziff Capital. As such, Mr Daniel Saul Och, Och-Ziff Capital, Och-Ziff Holding and OZ Management were deemed to be having the same interests in the Shares and underlying Shares as OZ Asia and other wholly-owned subsidiaries and entities of OZ Management.
2. The Children's Investment Master Fund was 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 was deemed to be having the same interests in the Shares and underlying Shares as The Children's Investment Master Fund.
3. These Shares and underlying Shares were held by UBS Wealth Management USA which was wholly-owned by UBS AG.
4. The interests in the respective number of underlying Shares arise from their interests in listed physically settled warrants of PYI to be issued as final dividend for the year ended 31 March 2008 on the basis of one warrant for every six existing Shares held by each of them. The warrants of PYI entitle holders thereof to subscribe at any time during the period from 26 September 2008 to 25 September 2009 (both days inclusive) for the fully paid Shares at an initial subscription price of HK\$1 per Share. For details of the warrants issue, please refer to the announcement and the circular of PYI dated 23 July 2008 and 1 August 2008 respectively.
5. The enlarged issued share capital means the existing issued share capital of 1,508,393,517 Shares enlarged by 251,398,919 new Shares falling to be issued upon full exercise of the subscription rights attaching to the warrants of PYI. For details of the warrants issue, please refer to the announcement and the circular of PYI dated 23 July 2008 and 1 August 2008 respectively.

(B) Other members of the PYI 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%
D & C Engineering (H.K.) Limited	Artery Construction Management Limited	45.0%
Feeder Port Holdings Limited	Glorious Crown Asia Pacific Development Limited	12.5%
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%
Jiaxing International Container Feeder Port Limited	嘉興市港航建設開發有限公司	10.0%
Paul Y. – Concentric Joint Venture	Concentric Construction Limited	49.0%
Paul Y. – CCECC Joint Venture	China Civil Engineering Construction Corporation	40.0%
Paul Y. – CREC Engineering Co., Limited	China Railway Engineering (Hong Kong) Limited	30.0%
Paul Y. – CREC Joint Venture	China Railway Engineering Corporation	30.0%

Name of subsidiary	Name of shareholder	Approximate percentage of the existing issued share capital/registered capital
Paul Y. – CREC(HK) Joint Venture	China Railway Engineering Corporation	40.0%
Paul Y ISG Joint Venture	ISG Asia (Macau) Limited	40.0%
PYSCG JV Limited	SCG (H.K.) Limited	49.0%
PYSCG – NF JV Limited	Nam Fong Construction and Real Estate Company Limited	26.6%
Skynet Limited	Icon Master Enterprises Limited	18.1%

* *English transliteration for identification purpose only*

Save as disclosed above, the Directors 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 PYI 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 PYI Group which is not determinable by the PYI Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

LITIGATION

No member of the PYI 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 pending or threatened by or against any member of the PYI Group.

MISCELLANEOUS

- (i) The qualified accountant of PYI is Mr Wong Yiu Hung, a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Chartered Association of Certified Accountants.
- (ii) The secretary of PYI is Ms Mui Ching Hung, Joanna, an associate member of The Hong Kong Institute of Chartered Secretaries and an associate member of The Institute of Chartered Secretaries and Administrators.
- (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 registrars and transfer office of PYI is Butterfield Fund Services (Bermuda) Limited of Rosebank Centre, 11 Bermudiana Road, Pembroke HM 08, Bermuda and the branch share registrars and transfer office of PYI in Hong Kong is Tricor Secretaries Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (v) Save for the names of the PRC entities mentioned in this circular for which the Chinese version shall prevail over the English transliteration thereof in case of any inconsistency, the English text of this circular shall prevail over the Chinese text for the purpose of interpretation.