



News Release

PYI Subsidiary Paul Y. Engineering Acquires a HK\$2.0 Billion Luxury Hotel Site in Cotai, Macau

Diversification into the Promising Hotel and Gaming Industry in Macau

(20 November 2012, Hong Kong) – Bulk cargo port and infrastructure group PYI Corporation Limited (“PYI”) (0498.HK) and its 62%-owned subsidiary, Paul Y. Engineering Group Limited (“PYE”) (0577.HK) jointly announced that PYE has proposed a very substantial acquisition of a private company, Falloncroft Investments Limited (“Falloncroft”) for a total consideration of HK\$2,000 million (“Acquisition”).

On completion of the Acquisition, Falloncroft will have exclusive contractual rights in respect of a 65,000 sq ft land parcel located on the Cotai Strip in Macau, on which a 945,000 sq ft super luxury exclusive hotel, casino and retail complex is proposed to be built. Falloncroft has also signed an MOU with an affiliate of one of the gaming concessionaires for the management and operation of the proposed casino. Paul Y. Construction has been engaged as the design-build manager for the development. The gross development budget is established at around \$6,500 million.

The Acquisition is conditional upon PYE raising minimum gross proceeds of HK\$3,200 million from the placing by CLSA of a minimum of 1,176 million new shares at the placing price of HK\$0.68/share (amounting to HK\$800 million) and up to HK\$2,400 million worth of additional new shares and/or convertible bonds (“CB”) which, together with an upside option to place a further HK\$1,600 million worth of new shares and/or CB, arrives at a gross amount of up to HK\$4,800 million (the “Placing”) as well as from the Contingent Placing (as defined below). Furthermore, PYE has also appointed 3 placing agents to place a total of up to HK\$1,600 million worth of CB (“Contingent Placing”). The 12-year zero-coupon CB are convertible into new shares at HK\$0.68/share at anytime during the tenure. Early redemption of the CB at the sole discretion of PYE is allowed after the 5th anniversary at a redemption premium of 5% p.a.

PYE also declared a special cash dividend of HK\$0.26/existing share (“Cash Dividend”) with a scrip option to subscribe for new shares at HK\$0.68/share. The Acquisition, Placing, Contingent Placing and Cash Dividend are inter-conditional on each other and will be subject to the approval by PYE shareholders.

PYE also proposed to effect a distribution in specie to all existing PYE shareholders of 49% of PYE BVI, an unlisted company, under which the entire existing construction, civil engineering and property-related businesses are held (“Distribution”). Upon completion of the Distribution, PYE BVI will be held as to 51% by PYE, 30.34% by PYI and 18.66% by other PYE shareholders. With a view to provide liquidity to the other existing PYE shareholders, PYI has undertaken to acquire up to the full 18.66% stake held by them at the price of HK\$0.30/share, for an aggregate cash sum of up to HK\$69.34 million (“Cash Alternative”). The Distribution is subject to the approval by PYE shareholders other than PYI as well as being conditional on the completion of the Acquisition, Placing, Contingent Placing and Cash Dividend.

The Placing and Contingent Placing, which will lead to a deemed very substantial disposal for PYI, is also subject to the approval by PYI shareholders.

Ir James Chiu, Chairman of PYE, said, "The proposed transactions will allow PYE to tap into the promising hotel and gaming industry in Macau. It will unlock tremendous value for the existing PYE shareholders while offering them maximum flexibility in making their investment decision. This strategic move not only allows PYE to diversify our business activities, but also facilitates our existing construction arm to plant a firmer and more significant foothold in Macau."

Mr. Tom Lau, Chairman and Managing Director of PYI, said, "We support this diversification of PYE and believe the proposal is value accretive for both PYI and PYE and their shareholders as a whole. The transactions will lead to a profit of some HK\$164 million for us. We are committed to offer the other existing PYE shareholders maximum flexibility and liquidity by way of the Cash Alternative. PYI will benefit from the high growth hotel and gaming industry in Macau through PYE while maintain significant direct interests in its existing engineering and construction businesses."

Upon completion of the transactions, Mr. Stephen Hung, Mr. Peter Coker and Mr. Walt Power will join the PYE board in order to strengthen the skills and capabilities of the board. As the business dynamic of PYE will undergo significant change, Ir James Chiu intends to step down as Chairman of PYE following completion of the Acquisition and it is intended that Mr. Coker and Mr. Hung will take up the position of Joint Chairman of PYE while Mr. Power will act as the CEO.

By virtue of Mr. Hung being a proposed director of PYE and father of vendor's owner, the Acquisition becomes a connected transaction of PYE, which requires the approval by PYE shareholders.

Mr. Stephen Hung, Chairman of Falloncroft and Joint Chairman of PYE upon completion of the proposed transactions, said, "We are planning to deliver a very unique ultra-luxurious entertainment lifestyle to a small elite group of uncompromising guests which combines exclusive gaming experience with extravagant accommodations; by-invitation-only haute joaillerie, couture and atelier shopping; grands chef gastronomie; and indulging personalized service. I am extremely honored to be part of PYE which possesses the necessary construction expertise and experience to make this a reality."

As completion of the various transactions is, in each case, subject to the fulfillment of a number of conditions precedent which, apart from the Distribution, are all inter-conditional, the various transactions may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the shares of PYE and, or, PYI.

For the official announcement issued by PYI Corporation Limited and Paul Y. Engineering Group Limited on 19 November 2012, please click [here](#).

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Notes to editors:

PYI Corporation Limited (0498.HK)

Based in Hong Kong, PYI Corporation Limited focuses on ports and infrastructure development and investment, and the operation of ports and logistics facilities, in the Yangtze River region of China. It also engages in land and property development and

investment in association with ports and infrastructure development. In addition, PYI provides comprehensive engineering and property-related services through Paul Y. Engineering Group Limited (0577.HK). For more information about PYI, please visit www.pyicorp.com.

Paul Y. Engineering Group Limited (0577.HK)

Established in 1946, PYE is an international engineering and property services group, with three core business functions: management contracting, property development management and property investment in Hong Kong, Macau and the Mainland China. PYE serves a wide spectrum of distinguished clients, including the government and major enterprises. For over 60 years, PYE has played a significant role in shaping Hong Kong's skyline and its world-class infrastructure. For more information, please refer to www.pyengineering.com.

Biographies:



Mr. Stephen Hung

Mr. Stephen Hung, aged 54, has over 30 years of experience in the finance and investment industries. He is the Chairman of Falloncroft, the Chairman of The Taipan Investment Group and the Vice Chairman of Rio Entertainment Group, the holding company operates Rio Hotel & Casino in Macau. Mr. Hung was formerly co-head of investment banking for Asia at Merrill Lynch and subsequently formed his own investment banking firm, Amida Capital Group, and served as the Chairman and Managing Director from 1992 to 1999. From 2000 to 2002, Mr. Hung served as the Vice Chairman of eSun Holdings Limited (0571.HK). From 2000 to 2004, he also served as a non-executive director of AcrossAsia Limited (8061.HK). Mr. Hung graduated from University of Southern California, Los Angeles with a master's degree in business administration in 1981.



Mr. Peter Coker

Mr. Peter Coker, aged 44, has over 22 years of experience in the finance and investment industries. He is the Managing Partner of Pacific Advisers, and is also a partner of TDR Capital Investment Ltd (a Shenzhen-based private equity firm). Mr. Coker served as an officer of the Bridge Companies from 1992 to 2001. He held the title of Managing Director-Asia, Chief Executive Officer of E-Bridge and Managing Director of Bridge Trading Company Asia where he was responsible for the firm's equity business in Japan and South East Asia/Australia. From 1999 to 2001, Mr. Coker served as the Chairman of IRESS Market Technology Limited (formerly BridgeDFS) (ASX: IRE). From 2002 to 2005, Mr. Coker served as the Chairman of Wellington Securities (New Zealand). From 2006 to 2009, Mr Coker

served as Chairman of Global Trading Offshore Pte (Singapore). Mr. Coker graduated from Lehigh University in the United States with a Bachelor of Arts degree in 1990.



Mr. Walt Power

Mr. Walt Power, aged 58, is the longest serving casino executive expatriate in Macau's gaming industry. Arrived in Macau in January 2003, Mr. Power has held the positions of chief operating officer of New Cotai Entertainment, an investor and developer of Macau Studio City, as well as Senior Vice President of Operations of Venetian Macau Limited. Mr. Power was instrumental to the success of the development, opening and operation of the Sands, the first western casino in Macau. During his tenure at the Sands, he was responsible for casino operations, hotel operations, all food and beverage outlets and security operations. He was also a member of the Compliance and Credit Committees. Being one of first western executives to enter the Macau gaming market, and having worked in Macau for over nine years, Mr. Power is known internationally for his extensive knowledge of Macau gaming to include Junket, VIP, and mass market operations. A 20-year gaming industry veteran, Mr. Power accumulated extensive international gaming experience through executive operational positions at casino resorts in the United States, Argentina, South Africa and the Philippines, in addition to his work in Macau. Mr. Power, a former United States Marine Corps Major and Naval Aviator, received his BA and MBA from the University of Michigan. He is also a graduate of the casino industry's Executive Development Program offered by the University of Nevada/Reno.