
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, 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 pass this circular, together with the accompanying form of proxy, to the purchaser or to the transferee or to the bank, the licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

The Chinese translation of this circular is for reference only and in case of inconsistency, the English version shall prevail.



PYI Corporation Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 498)

(1) PROPOSED ADOPTION OF SHARE AWARD SCHEME AND ISSUE OF AWARDED SHARES UNDER SPECIFIC MANDATE; (2) PROPOSED RE-ELECTION OF RETIRING DIRECTOR; AND (3) NOTICE OF SPECIAL GENERAL MEETING

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular.

A letter from the Board is set out on pages 4 to 17 of this circular. A notice convening the SGM to be held at Regus Conference Centre, 35th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Monday, 3 May 2021 at 10:30 a.m. is set out on pages SGM-1 to SGM-3 of this circular. A form of proxy for use by the Shareholders at the SGM or any adjournment thereof (as the case may be) is enclosed with this circular.

If you are not able to attend at the SGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish, and in such case, the form of proxy previously submitted shall be deemed to be revoked.

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	4
Appendix — Particulars of the retiring Director Standing for re-election	17
Notice of SGM	SGM-1

DEFINITIONS

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

“Adoption Date”	3 May 2021, being the date of the SGM approving, among other things, the Scheme and its implementation
“Annual Limit”	a limit of not more than 3% of the Company’s issued share capital as at the Adoption Date as the maximum number of Awarded Shares which can be issued under the Scheme from the Adoption Date up to the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws or any applicable law to be held; and (iii) the revocation or variation of the approval by members of the Company in general meeting subject to refreshment annually
“Award”	an award of Awarded Shares to Selected Grantee(s) pursuant to the Scheme
“Awarded Share(s)”	those awarded share(s) to be awarded to the Selected Grantee(s) pursuant to the terms and conditions of the Scheme
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company
“Company”	PYI Corporation Limited, an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 498)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Eligible Participant(s)”	any employee (whether full time or part time), executive or officers, directors (including any executive director, non-executive director and independent non-executive director) and senior management, of any member of the Group, who, in the sole discretion of the Board, has contributed or may contribute to the continual operation, growth and development of the Group, particularly in respect of the Principal Business from time to time
“Excluded Participant”	any Eligible Participant who is resident in a place where the award of the Awarded Shares and/or the vesting of the Awarded Shares pursuant to the terms of the Scheme is not permitted under the laws or regulations of such place or where in the view of the Board, compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such Eligible Participant

DEFINITIONS

“Group”	the Company together with its subsidiaries from time to time and “member of the Group” means any or a specific one of them, and “Group Company” shall be construed accordingly
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	9 April 2021, being the latest practicable date prior to printing of this circular for ascertaining certain information herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Principal Business”	the Group is principally engaged in, <i>inter alia</i> , ports and logistics facilities in the Yangtze River region of China, land and property development and investment in association with ports and infrastructure development, as well as securities trading and investment, and provision of loan financing services
“Scheme” or “Share Award Scheme”	the share award scheme of the Company to be adopted on the Adoption Date
“Scheme Mandate Limit”	the maximum number of Awarded Shares that may be issued pursuant to the Scheme, being 10% of the issued share capital of the Company as at the Adoption Date
“Selected Grantee(s)”	Eligible Participant(s) (excluding any Excluded Participant) selected by the Board (at its absolute discretion) to participate in the Scheme subject to the terms and conditions as the Board may determine
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened for the Shareholders to consider and, if thought fit, approve (i) the adoption of the Scheme and its implementation including the Specific Mandate; and (ii) the proposed re-election of the retiring Director
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) with par value of HK\$0.1 each in the share capital of the Company

DEFINITIONS

“Specific Mandate”	the specific mandate to be sought from the Shareholders at the SGM authorising the Board to issue and allot new Shares up to the Annual Limit, being 33,117,483 new Shares assuming no change in the issued share capital of the Company between the Latest Practicable Date and date of the SGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vesting Date”	the date on which a Selected Grantee’s entitlement to the Awarded Shares under an Award is vested in such Selected Grantee in accordance with the terms of the Scheme and the relevant Award
“%”	per cent

LETTER FROM THE BOARD



PYI Corporation Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 498)

Executive Directors:

Mr. Sam Nickolas David Hing Cheong (*Vice Chairman*)
Mr. Lau Tom Ko Yuen (*Vice Chairman, China*)
Mr. Marc Andreas Tschirner (*Managing Director*)
Mr. Au Wai June

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Non-Executive Director:

Mr. Kwong Kai Sing, Benny (*Chairman*)

*Principal place of business
in Hong Kong:*

Suites 2801–03, 28th Floor
China United Centre
28 Marble Road
North Point
Hong Kong

Independent Non-Executive Directors:

Mr. Ma Ka Ki
Mr. William Nicholas Giles
Mr. Leung Chung Ki

14 April 2021

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSED ADOPTION OF SHARE AWARD SCHEME AND
ISSUE OF AWARDED SHARES UNDER SPECIFIC MANDATE;
(2) PROPOSED RE-ELECTION OF RETIRING DIRECTOR;
AND
(3) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

References are made to the announcements of the Company dated 22 February 2021 and 1 April 2021 in relation to, *inter alia*, the proposed adoption of the Share Award Scheme and the appointment of Mr. Sam Nickolas David Hing Cheong (“**Mr. Sam**”) as an executive Director and the vice chairman of the Company respectively.

The purposes of this circular are to provide you with (i) information in respect of the resolutions to be proposed at the SGM for the proposed adoption of the Scheme and its implementation including the Specific Mandate as well as the proposed re-election of the retiring director; and (ii) a notice convening the SGM.

LETTER FROM THE BOARD

(1) PROPOSED ADOPTION OF SHARE AWARD SCHEME

Introduction

The Board has proposed to adopt the Scheme with a view to (i) recognise the contributions by the Selected Grantees and to provide them with incentives in order to retain them for the continual operation and development of the Group, particularly in respect of the Principal Business from time to time; and (ii) enhance the Group's competitiveness in attracting and/or retaining suitable personnel or professionals who are capable of making contributions to the continual operation, growth and development of the Group, particularly in respect of the Principal Business from time to time. The reasons for adoption of the Share Award Scheme are set out in more details in the "Reasons for adoption of the Share Award Scheme" in this circular. Resolutions in respect of the Scheme and the Specific Mandate will be proposed to, and considered by, the Shareholders at the SGM as to the adoption or approval thereof.

The Scheme

A summary of the principal terms of the Scheme is set out below.

Purpose of the Scheme

The specific objectives of the Scheme are:

- (i) to recognise the contributions by the Selected Grantees and to provide them with incentives in order to retain them for the continual operation and development of the Group, particularly in respect of the Principal Business from time to time; and
- (ii) to enhance the Group's competitiveness in attracting and/or retaining suitable personnel or professionals who are capable of making contributions to the continual operation, growth and development of the Group, particularly in respect of the Principal Business from time to time.

The purpose of the Scheme is to recognise the contributions by the Selected Grantees and to enhance the Group's competitiveness in attracting talented human resources for the continual operation, growth and development of the Group, particularly the Principal Business from time to time. The Principal Business of the Group includes those fields such as infrastructure development, engineering services and financial services where personal expertise and knowledge (e.g. technologies know-how) would play an important role for one to excel over other market competitors. The availability of the grant of Share Award Scheme would give an edge and flexibility to the Company to attract talented calibre from the market and benefit the business operation and development of the Group generally. It may also serve to save cost and expenses for engaging these calibre since the Company may offer Share Award in lieu of (whether partial or in full) cash remuneration. Further, each grant will be subject to the approval of the Board and with details announced to Shareholders.

The Company will select the Selected Grantees based on (i) their working or professional experience, their positions, years of service, the roles and responsibilities in, and/or the business networks they may confer on, the Principal Business from time to time; and (ii) their contributions to the continual operation, growth, development or improvement of the Group, particularly in respect of the Principal Business from time to time.

LETTER FROM THE BOARD

The Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules.

Conditions Precedent and Duration

The Scheme is conditional upon the satisfaction of the following conditions:

- (i) the Scheme and its implementation including the Specific Mandate for the issue of Awarded Shares under the Scheme being approved by Shareholders entitled to vote at the SGM; and
- (ii) the listing of and permission to deal in the Awarded Shares to be issued having been granted by the Stock Exchange, whether with or without condition.

The Board may, at its discretion, determine that the condition in sub-paragraph (ii) above be satisfied with respect to each grant of Awarded Share(s) without affecting the operation of the Scheme in general. In other words, listing application may be made in respect of Awarded Shares to be issued under a Specific Mandate rather than all the Awarded Shares which may be issued under the Scheme. Awarded Share(s) may only be issued after obtaining from the Stock Exchange the approval for listing of, and permission to deal in, such Awarded Share(s).

Subject to the satisfaction of the aforesaid conditions, and any early termination as may be determined by the Board pursuant to the Scheme, the Scheme shall be valid and effective for a term commencing on the Adoption Date and ending on the tenth (10th) anniversary of the Adoption Date.

Administration

The Scheme shall be subject to the administration of the Board in accordance with the rules of the Scheme and no trustee will be appointed in respect of the Scheme's administration. Subject to applicable laws, the decisions of the Board as to all matters relating to the Scheme or its interpretation shall be final and binding.

Operation of the Scheme

The policy and procedures on nominating and approving any grant of Awarded Shares to the Selected Grantee(s) for Share Award will be as follows:

- (A) The executive Directors may from time to time propose a list of Selected Grantee(s) after considering the contribution made by such Selected Grantee(s) among all Eligible Participants.
- (B) The remuneration committee of the Board will review the proposed list of Selected Grantee(s) who are directors, employees or office holders of the Group and will make recommendation to the Board.
- (C) The Board will review the proposed list of Selected Grantees covering employees, officers, directors, and will consider the recommendation from the remuneration committee of the Board before making a decision.

LETTER FROM THE BOARD

- (D) The Board may from time to time, at its absolute discretion select any Eligible Participant (excluding any Excluded Participant) for participation in the Scheme as a Selected Grantee and grant such number of Awarded Shares to any Selected Grantee and in such number and on and subject to such terms and conditions as the Board may in its absolute discretion determine. However, until so selected, no Eligible Participant shall be entitled to participate in the Scheme as a Selected Grantee.
- (E) The Board shall direct the issuance of offer letters to such Selected Grantees setting out the respective entitlements of each Selected Grantee. The date of grant of an Award shall be the date on which the Board resolves to make such Award.
- (F) The Board is entitled to impose any condition as it deems appropriate in its absolute discretion with respect to the vesting of the Awarded Shares on the Selected Grantee, and shall inform such Selected Grantee the relevant conditions of the Award. Subject to the Board's discretion, such vesting conditions may include (but are not limited to) length of service, and contribution to the Group's performance by reference to pre-defined performance indicators. Notwithstanding any other provisions of the Scheme, subject to applicable laws and regulations, the Board shall be at liberty to waive any vesting conditions. For illustration purpose, the Board may set 25% vesting each year to an employee so that the employee grantee will be entitled to get the Awarded Shares in full after four more years of service in order to encourage loyalty.
- (G) The Board will approve an announcement to be published as soon as possible after approving a Share Award. Where any grant of Awarded Shares is proposed to be made to any person who is a connected person of the Company within the meaning of the Listing Rules, the Company shall comply with such provisions of the Listing Rules as may be applicable, including any reporting, announcement and/or shareholders' approval requirements, unless otherwise exempted under the Listing Rules.

For any grant of Awarded Shares, the Company will disclose details of the Award by way of announcements, including but not limited to, identities of Selected Grantees and the identities of their ultimate beneficial owners, their roles and positions, detailed basis for selecting them as Selected Grantees, and the number of Awarded Shares awarded to each of the Selected Grantees.

No Award will be made by the Board and no new Awarded Shares may be issued under the Scheme where dealings in the Shares are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time. In particular, no such grant is to be made and no such new Awarded Shares may be issued:

- (i) after an event involving inside information in relation to affairs or securities of the Company has occurred or a matter involving inside information in relation to the securities of the Company has been the subject of a decision, until such inside information has been publicly announced in accordance with the applicable laws and the Listing Rules;

LETTER FROM THE BOARD

- (ii) during the period of 60 days immediately preceding the publication date of the annual results for any financial period of the Company or, if shorter, the period from the end of the relevant financial period up to the publication date of the results;
- (iii) during the period of 30 days immediately preceding the publication date of the interim results for any financial period of the Company or, if shorter, the period from the end of the relevant half-year period of the financial period up to the publication date of the results; or
- (iv) in any circumstance which is prohibited under the Listing Rules, the SFO or any other law or regulation or where any requisite approval from any governmental or regulatory authority has not been granted.

The Board has an overriding power at all times to refuse to issue any Awarded Shares in certain circumstances including if the Board considers that issuing such Awarded Shares may breach or contravene any law, rule or regulation.

Scheme Limits and the Specific Mandate

The Board shall not make any further Award which will result in the aggregate number of Shares awarded by the Board under the Scheme exceeding the Scheme Mandate Limit, being 10% of the issued share capital of the Company as at the Adoption Date (being 110,391,611 Shares assuming no change in the Company's 1,103,916,114 total issued Shares between the Latest Practicable Date and the date of the SGM). The maximum aggregate number of the Shares which may be awarded to a Selected Grantee under the Scheme shall not exceed 1% of the issued share capital of the Company from time to time.

The Board has considered other methods to provide incentives to the Eligible Participants including granting share options. In particular, the Company had adopted a 10-year share option scheme on 10 September 2012 (the "**2012 Share Option Scheme**") pursuant to which the Board has the right to grant to the eligible participants options to subscribe for up to a maximum of 110,391,611 Shares (as adjusted), representing 10% of the total issued Shares as at 1 September 2017. The maximum aggregate number of the Shares which can be granted to a grantee under the 2012 Share Option Scheme shall not exceed 1% of the issued share capital of the Company within any 12-month period. This 1% cap is the same as the maximum number that may be awarded to a Selected Grantee under the Share Award Scheme.

As at the Latest Practicable Date, there were no outstanding share options granted under the 2012 Share Option Scheme.

The Company notes that it is not exceptional for listed companies in Hong Kong to adopt both share option scheme and share award scheme (with structure and terms thereof similar to the Share Award Scheme) to provide flexibility in rewarding and providing incentives to their key personnel. The Board considers that such kind of flexibility is required as the Board envisages that a Share Award Scheme can provide more incentive to the Eligible Participants when compared to the 2012 Share Option Scheme as they need not to pay any money under a Share Award Scheme. At the same time, a Share Award Scheme can save cash outlays for the Group when compared to provide cash incentives to the Eligible Participants. Although the Company, as at the Latest Practicable Date, has not proposed any particular Selected Grantees, it is important to have the Share Award Scheme in place first because an in-place Share Award

LETTER FROM THE BOARD

Scheme itself could provide a good signal to all interested and potentially interested parties that they may be benefited from the Share Award Scheme and it would allow the Company to utilise the Share Award Scheme more promptly when the circumstances require so.

For the reasons stated above, the Company does not consider the adoption of 2012 Share Option Scheme and the Share Award Scheme to be mutually exclusive. After considering the contribution by the Selected Grantees and with a view to enhance the Group's competitiveness in attracting and/or retaining suitable personnel or professionals who are capable of making contributions to the growth and development of the Group, the Company shall, at its absolute discretion, determine the appropriate scheme (i.e. 2012 Share Option Scheme and/or the Share Award Scheme) to reward the appropriate Selected Grantees.

In determining the aforesaid scheme limits, the Board has taken into account that (i) the number of Eligible Participants underlying the Scheme being estimated to be over 530 in number; and (ii) in respect of each Selected Grantee's individual limit under the Scheme, similar individual limit has been imposed under the 2012 Share Option Scheme. The number of the estimated Eligible Participants is based on the staff (including office holders) size of slightly more than 530 people (including independent non-executive Directors) of the Company and its subsidiaries. As at the Latest Practicable Date, there are no proposed Selected Grantees.

The Company also proposes to implement the following mechanisms to the Scheme and its operations:

- (i) subject always to the Scheme Mandate Limit, the Company proposes to impose a limit equal to 3% of the Company's issued share capital as at the date on which the Specific Mandate is approved by the Shareholders at the SGM (being 33,117,483 Shares, based on the Company's 1,103,916,114 issued Shares as at the Latest Practicable Date) as the maximum number of Awarded Shares which can be issued from the Adoption Date to the earliest of (a) the conclusion of the next annual general meeting of the Company; (b) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws or any applicable law to be held; and (c) the revocation or variation of the approval by members of the Company in general meeting; and
- (ii) the Company may, on an annual basis, seek approval from Shareholders at a general meeting to refresh the Annual Limit under the Listing Rules such that the maximum number of Awarded Shares to be awarded in the relevant refreshed period (excluding Awards that have been cancelled or lapsed) will not exceed 3% of the Company's issued share capital as at the date of the general meeting approving such refreshment. To the extent the Annual Limit has expired and the Company has not sought Shareholders' approval to refresh the Annual Limit at a general meeting, the Company may not grant further Awards until refreshment of the Annual Limit is approved by Shareholders at a general meeting.

The Annual Limit is determined by reference to (i) the maximum number of Shares that may be issued under the Scheme, and (ii) the possible level of impact to the profit and loss of the Group. It is proposed with a view to providing a more restricted time frame and dilution effect in terms of issuance of a proportion of the Awarded Shares that may fall to be issued, thereby assisting Shareholders and potential investors of the Company in reviewing the dilution effect and the profitability impact arising from the issuance of Awarded Shares under the Scheme. The Company also made reference to the prevailing market conditions, e.g. the

LETTER FROM THE BOARD

scheme limit of Share Award Scheme adopted by other listed companies. Taking the recent level of market capitalisation of the Company as at the Latest Practicable Date around HK\$419.5 million for illustration purpose, the 3% Annual Limit represents a sum of Awarded Shares in the maximum amount of approximately HK\$12.6 million per annum as incentives to attract various Eligible Participants to make contributions to the Group's businesses. The Board considers that such amount of incentives is on a reasonable level and can strike a balance between the Shareholders and the Selected Grantee and is required to make the Scheme attractive to Selected Grantees while the Company need not incur cash outlay. Given that the Company's current level of market capitalisation is relatively small, the Board considers that seeking Shareholders' approval of the Scheme and the Specific Mandate for the Annual Limit is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Specific Mandate will be sought from Shareholders at the SGM in respect of the issuance of the Awarded Shares. As at the Latest Practicable Date, the Board has no present intention to grant any Award immediately upon adoption of the Scheme at the SGM as it has not identified any Selected Grantee.

Where any grant of Awarded Shares is proposed to be made to any person who is a connected person of the Company within the meaning of the Listing Rules, notwithstanding the approval by the Shareholders of the Specific Mandate, the Company shall comply with such provisions of the Listing Rules as may be applicable, including any reporting, announcement and/or shareholders' approval requirements, unless otherwise exempted under the Listing Rules.

The table below, which is for illustration purpose only, sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) upon satisfaction of all vesting conditions under an Award (if any) and allotment and issue of all Awarded Shares capped by the Annual Limit; and (iii) upon satisfaction of all vesting conditions under an Award (if any) and allotment and issue of all Awarded Shares under the Scheme, assuming no other Shares are issued between the Latest Practicable Date and the date on which all Awarded Shares underlying the Scheme are issued, and that no Award is granted to connected persons of the Company:

	As at the Latest Practicable Date		Immediately after the issue of all the Awarded Shares under the Annual Limit		Immediately after the issue of all the Awarded Shares under the Scheme	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Selected Grantees	—	—	33,117,483	2.91	110,391,611	9.09
Substantial Shareholders:						
Kenson Investment Limited (Note)	315,000,000	28.53	315,000,000	27.70	315,000,000	25.94
Kwong Kai Sing, Benny	166,753,200	15.11	166,753,200	14.67	166,753,200	13.73
Other Shareholders	<u>622,162,914</u>	<u>56.36</u>	<u>622,162,914</u>	<u>54.72</u>	<u>622,162,914</u>	<u>51.24</u>
Total	<u>1,103,916,114</u>	<u>100.00</u>	<u>1,137,033,597</u>	<u>100.00</u>	<u>1,214,307,725</u>	<u>100.00</u>

LETTER FROM THE BOARD

Note: Kenson Investment Limited (“**Kenson Investment**”) (a company incorporated in Bermuda) owned directly 315,000,000 Shares. Kenson Investment is a wholly-owned subsidiary of Uptown WW Holdings Limited (a company incorporated in the British Virgin Islands), Uptown WW Holdings Limited is a wholly-owned subsidiary of Uptown WW Capital Group Limited (a company incorporated in the British Virgin Islands), which is a wholly-owned subsidiary of Uptown WW Capital Group Limited (“**Uptown WW Cayman**”) (a company incorporated in the Cayman Islands), Uptown WW Cayman is a wholly-owned subsidiary of Enerchina Investments Limited (a company incorporated in the British Virgin Islands), which in turn is a wholly-owned subsidiary of Oshidori International Holdings Limited (a company incorporated in Bermuda, the shares of which are listed on the Stock Exchange (Stock Code: 622)). Accordingly, as at the Latest Practicable Date, all of these companies were taken to be interested in the said 315,000,000 Shares directly held by Kenson Investment.

Effect on the shareholding structure of the Company

The Directors noted from the above table that the dilution effect on Shareholders is approximately 2.91% and 9.09% upon the issue of all the Awarded Shares under the Annual Limit and under the Scheme respectively.

The dilution effect to Shareholders is approximately 9.09% upon issue of the maximum number of Awarded Shares under the Scheme. In order to allow investors to assess the annual dilution effect with reasonable certainty and provide the Company the flexibility to grant Award Shares to Selected Grantee annually, the Directors propose to implement the mechanism of the Annual Limit.

The Group’s profit and loss will be affected as the expense caused by an issue of the Awarded Shares under the Annual Limit will be recognised each year of the vesting period. The expense recognised in a particular year is determined by the fair value of shares that might be issued upon vesting and the length of the vesting period. As the Annual Limit is proposed to be as low as 3%, the Directors are of the view that the profitability impact of share issuance under the Annual Limit will not be material on the financial position of the Group.

The Annual Limit has effectively limited the dilution effect to a relatively low level (i.e. approximately 2.91%). Shareholders has the right to vote for or against the refreshment of the Annual Limit. If the Annual Limit is not refreshed, no Awarded Shares will be granted. After balancing the benefits that can be generated from the Share Award Scheme to the Group as a whole and the relatively limited dilution effect on the Shareholders, the Directors are of the opinion that the issue of Awarded Shares under the Annual Limit will be justifiable.

Vesting of Awarded Shares

The Board is entitled to impose any condition as it deems appropriate in its absolute discretion with respect to the vesting of the Awarded Shares on the Selected Grantee(s), and shall inform such Selected Grantee the relevant conditions of the Award. Subject to the Board’s discretion, such vesting conditions may include (but are not limited to) length of service, and attribution to the Group’s performance by reference to pre-defined performance indicators.

Subject to the terms and condition of the Scheme and the fulfillment of all vesting conditions to the vesting of the Awarded Shares on such Selected Grantee as specified in the Scheme and the letter of award, the respective Awarded Shares shall vest in such Selected Grantee in accordance with the vesting schedule (if any) as set out in the letter of award.

LETTER FROM THE BOARD

A Selected Grantee shall not have any interest or rights (including the right to receive dividends) in the Awarded Shares and non-cash income derived from such Awarded Shares prior to the Vesting Date.

The Company may only issue Awarded Shares upon vesting and on the Vesting Date as and when the vesting condition(s) attaching to such Awarded Shares are satisfied or waived by the Board.

If there occurs an event of change of control of the Company, whether by way of offer, merger, scheme of arrangement or otherwise, the Board shall determine at its sole discretion whether such Awarded Shares shall vest in the Selected Grantee and the time at which such Awarded Shares shall vest. If the Board determines that any Award shall vest in part only, the balance of the Award shall lapse. The Board also has absolute discretion in determining premature vesting in the event of winding-up of the Company. The exercise of the Board's discretion is subject to fiduciary duties applicable to each Director.

In the event the Company undertakes a subdivision or consolidation of Shares, the Selected Grantee's entitlements to such Awarded Shares shall be so subdivided or consolidated. The Scheme Mandate Limit, Annual Limit and individual limit shall be subdivided or consolidated in the same proportion as such Share subdivision or consolidation. Unvested Awarded Shares (which are not issued) do not carry any right to subscribe for Shares in the event the Company undertakes an open offer or rights issue, or to any bonus warrant, bonus issue of Shares, scrip Shares, or other distribution by the Company.

Award not assignable

Prior to the Vesting Date, an Award shall not be assignable and no Selected Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to the Awarded Shares issuable to him pursuant to such Award.

Awarded Shares

The Awarded Shares, once allotted and issued upon vesting, will rank equal to all other Shares in issue at that time. The relevant registered holder(s) of such allotted and issued Awarded Shares will therefore have the right to receive dividends on the Awarded Shares, dispose of the Awarded Shares and/or exercise the rights underlying the Awarded Shares as per his/her own wishes once they are issued. Selected Grantees are not required to make any payment to accept an Award and the relevant subscription price will be paid by the Company.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of approval for the listing of, and the permission to deal in, the Awarded Shares.

Lapse of Award

In the event that prior to or on the Vesting Date, a Selected Grantee is found to be an Excluded Participant or is deemed to cease to be a Selected Grantee pursuant to the terms of the Scheme, the relevant Award made to such Selected Grantee shall, to the extent not yet vested, automatically lapse forthwith and the relevant Awarded Shares shall not vest on the relevant Vesting Date. Such Selected Grantee(s) shall have no right or claim against the Group or the Board with respect to those or any other Awarded Shares or any right thereto or interest

LETTER FROM THE BOARD

therein in any way. Unless the Board determines otherwise, the circumstances under which a Selected Grantee shall be treated as having ceased to be a Selected Grantee shall include, without limitation, the following:

- (i) a Selected Grantee has been declared or adjudged to be bankrupt by a competent court or governmental body or has failed to pay his debts as they fall due (after the expiry of any applicable grace period) or has entered into any arrangement or composition with his creditors generally or an administrator has taken possession of any of his assets;
- (ii) a Selected Grantee who is a Director (including independent non-executive Director) ceases to be a Director, unless such Selected Grantee remains as an employee of the Group;
- (iii) a Selected Grantee ceases to be an employee or office holder of a Group Company;
- (iv) the company by which a Selected Grantee is employed ceases to be a Group Company;
- (v) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company);
- (vi) a Selected Grantee (whether intentionally or otherwise) having in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to the Awarded Shares referable to him pursuant to such Award prior to the Vesting Date; or
- (vii) the condition(s) to vesting are not capable of being satisfied, as determined by the Board.

An Award, whether vested or unvested, shall automatically be cancelled in certain other events as stipulated under the Scheme, including when a Selected Grantee (i) ceases to be an employee or office holder of the Group for Cause (as defined below); (ii) is engaged in business that is competitive with that of the Group during his term of employment or within twelve (12) months of termination of his employment with a member of Group; (iii) causes material losses to the Group due to a failure to perform his/her management duties; and (iv) violates confidentiality obligations under any letter of award. For this purpose, "Cause" includes, with respect to a Selected Grantee:

- (i) any commission of an act of fraud, dishonesty, serious misconduct or other similar acts, or commission of a felony or a lesser crime involving moral turpitude as determined by the Board in its sole discretion;
- (ii) any conviction of any criminal offence or any offence under securities laws or regulations in Hong Kong or any other applicable laws or regulations in force from time to time;

LETTER FROM THE BOARD

- (iii) any material breach of any agreement or understanding between the Selected Grantee and a Group Company as determined by the Board in its sole discretion including, without limitation, any employment, non-competition, confidentiality or other similar agreement;
- (iv) any material misrepresentation or omission of any material fact as determined by the Board in its sole discretion in connection with the Selected Grantee's employment with any Group Company;
- (v) any material failure to perform the customary duties as an Selected Grantee, to obey the reasonable directions of a supervisor or to abide by the policies or codes of conduct of any Group Company as determined by the Board in its sole discretion; or
- (vi) any conduct that is materially adverse to the name, reputation or interests of the Group as determined by the Board in its sole discretion.

Alteration

The Scheme may be amended in any respect by a resolution of the Board provided that no such amendment shall operate to affect materially and adversely any subsisting rights of any Selected Grantee hereunder except with consent of Selected Grantees.

Termination

The Scheme shall terminate on the earlier of the 10th anniversary date of the Adoption Date or such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of Selected Grantees.

Reasons for Adoption of the Share Award Scheme

The Group is principally engaged in, *inter alia*, ports and logistics facilities in the Yangtze River region of China, land and property development and investment in association with ports and infrastructure development, as well as securities trading and investment, and provision of loan financing services.

The Company believes that one of the important foundations for development of the Principal Business from time to time is the support from the Group's human resources. Financial service is a kind of business that require in-depth knowledge and expertise in the industry. The Board therefore proposed to adopt the Scheme with a view to (i) recognise the contributions by the Selected Grantees and to provide them with incentives in order to retain them for to the continual operation and development of the Group, particularly in respect of the Principal Business from time to time; and (ii) enhance the Group's competitiveness in attracting and/or retaining suitable personnel or professionals who are capable of making contributions to the continual operation, growth and development of the Group, particularly in respect of the Principal Business from time to time.

LETTER FROM THE BOARD

(2) PROPOSED RE-ELECTION OF THE RETIRING DIRECTOR

In accordance with bye-law 86(2) of the Bye-laws and code provision A.4.2 of the Corporate Governance Code of the Listing Rules, Mr. Sam, whose appointment with details were set out in the Company's announcement dated 1 April 2021, will retire at the SGM and, being eligible, offer himself for re-election at the SGM.

Biographical and other details of Mr. Sam are set out in the Appendix to this circular.

Having considered the background of Mr. Sam, the Directors consider that the re-election of Mr. Sam as an executive Director and the vice chairman is in the best interests of the Company and the Shareholders as a whole.

SGM

The SGM will be convened by the Company at Regus Conference Centre, 35th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong at 10:30 a.m. on Monday, 3 May 2021 for the Shareholders to consider, and if thought fit, to approve (i) the adoption of the Scheme and its implementation including the Specific Mandate; and (ii) the proposed re-election of the retiring Director. Notice convening the SGM is set out on pages SGM-1 to SGM-3 of this circular.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders has any direct or indirect material interest in the proposed adoption of the Scheme and its implementation including the Specific Mandate and the proposed re-election of the retiring Director and accordingly, no Shareholders are required to abstain from voting on the resolutions to be proposed at the SGM.

A form of proxy for use by the Shareholders at the SGM is enclosed with this circular. If you are not able to attend at the SGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending or voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish and, in such event, the instrument of proxy shall be deemed to be revoked.

The register of members of the Company will be closed from Wednesday, 28 April 2021 to Monday, 3 May 2021 (both days inclusive) for determining the entitlements to attend and vote at the SGM. No transfer of Shares will be registered during this period. In order to qualify for attending and voting at the SGM, all transfer documents (together with the relevant share certificates) must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m., Tuesday, 27 April 2021.

Pursuant to Rule 13.39(4) of the Listing Rules, voting at the SGM will be conducted by way of poll. The chairman of the SGM will therefore demand a poll on the resolutions put forward at the SGM pursuant to bye-law 66 of the Bye-laws. An announcement on the poll results of the SGM will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.pyicorp.com) after the SGM.

LETTER FROM THE BOARD

RECOMMENDATION

The Board considers that the proposed adoption of the Scheme and its implementation including the Specific Mandate as well as the proposed re-election of the retiring Director is in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the proposed resolutions to approve the proposed adoption of the Scheme and its implementation including the Specific Mandate as well as the proposed re-election of the retiring Director at the SGM.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text in case of inconsistency.

Yours faithfully,
For and on behalf of
PYI Corporation Limited
Kwong Kai Sing, Benny
Non-executive Chairman

The biographical and other details of the retiring Director standing for re-election at the SGM are set out below:

Mr. Sam Nickolas David Hing Cheong

Mr. Sam Nickolas David Hing Cheong, aged 39, was appointed as an executive Director and the vice chairman of the Company on 1 April 2021. He is also a member of the nomination committee, the remuneration committee and the share repurchase committee of the Board. Mr. Sam holds a Bachelor of Laws with Honours and a Bachelor of Arts from the University of Waikato, New Zealand. Mr. Sam is admitted as a solicitor in England and Wales, the British Virgin Islands, New Zealand and also as an attorney in the Republic of the Marshall Islands. Mr. Sam is presently a senior registered foreign lawyer at Hauzen LLP, a specialist corporate law firm. Mr. Sam is also a non-executive director of Oshidori International Holdings Limited (stock code: 622) ("**Oshidori**"), a company listed on the Stock Exchange which is a substantial shareholder of the Company. Mr. Sam was previously the chairman of Oshidori between 28 January 2019 and 5 June 2020; the acting chairman of Oshidori from 5 April 2017 to 28 January 2019; and the chief executive officer of Oshidori from 27 March 2012 to 6 April 2017. Mr. Sam was redesignated from an executive director and the chairman of Oshidori to a non-executive director on 5 June 2020.

Mr. Sam has entered into a letter of appointment with no fixed term of service with the Company but is subject to retirement by rotation and re-election at the general meetings of the Company in accordance with the Bye-laws. Mr. Sam is entitled to a remuneration of HK\$125,000 per month with a discretionary bonus as approved by the Remuneration Committee. His remuneration has been determined by the Remuneration Committee and the Board based on his qualifications, experience, level of responsibilities undertaken and the prevailing market conditions.

Save as disclosed above, as at the Latest Practicable Date, Mr. Sam (i) does not have any interest in the Shares within the meaning of Part XV of the SFO; (ii) does not/did not hold, or in the last three years held, any directorship in any public companies the securities of which are listed in Hong Kong or overseas; (iii) does not have any relationship with any other Directors, senior management or substantial or controlling shareholders (as defined in the Listing Rules) of the Company; and (iv) in relation to his proposed re-election, there is no information which is disclosable nor is/was Mr. Sam involved in any of the matters required to be disclosed pursuant to the requirements set out in Rule 13.51(2) of the Listing Rules, and there is no other matter which needs to be brought to the attention of the Shareholders and/or the Stock Exchange.

NOTICE OF SGM



PYI Corporation Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 498)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “**SGM**”) of PYI Corporation Limited (the “**Company**”) will be held at Regus Conference Centre, 35th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Monday, 3 May 2021 at 10:30 a.m. to consider, and if thought fit, pass, with or without modification, the following resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT** the share award scheme (the “**Scheme**”) proposed by the board of directors of the Company, a copy of which is produced to this meeting marked “A” and signed by the Chairman of the meeting for the purpose of identification, be and is hereby approved and adopted and the directors of the Company (the “**Director(s)**”) be and are hereby authorised to grant the awards (the “**Awards**”), and do all such acts and execute all such documents as the Directors may consider necessary or expedient in order to give full effect to the Scheme.”

2. “**THAT**
 - (a) conditional upon resolution no. 1 above in this notice being passed at the SGM, a specific mandate (the “**Specific Mandate**”) be and is hereby given to the Directors to exercise during the Relevant Period (as defined below) all the powers of the Company to allot, issue new shares and/or otherwise deal with unissued shares in the Company (the “**Shares**”) underlying any Awards granted under and pursuant to the terms of the Scheme upon fulfilment of the vesting conditions (if any) attached to such Awards and the maximum number of new Shares underlying Awards which may be granted by the Directors during the Relevant Period (as defined below) shall not exceed three per cent. (3%) of the issued share capital of the Company as at the date of passing of this resolution, and the maximum number of Shares that may be issued pursuant to the Scheme shall not exceed ten per cent. (10%) of the issued share capital of the Company as at the date of passing this resolution; and
 - (b) for the purposes of this resolution “**Relevant Period**” means the period from the passing of this resolution until the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by its bye-laws or any applicable law to be held; and

NOTICE OF SGM

(iii) the revocation or variation of the approval given by this resolution by a resolution of members of the Company in general meeting.”

3. To re-elect Mr. Sam Nickolas David Hing Cheong as an executive Director.

By Order of the Board
PYI Corporation Limited
Ho Sze Nga, Maggie
Company Secretary

Hong Kong, 14 April 2021

Principal Place of Business in Hong Kong:
Suites 2801–03, 28th Floor
China United Centre
28 Marble Road
North Point
Hong Kong

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Notes:

1. Any member of the Company entitled to attend and vote at the SGM shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member may appoint a proxy in respect of part only of his holding of shares of the Company. A proxy need not be a member of the Company.
2. A form of proxy for the SGM is enclosed. The form of proxy and the power of attorney or other authority, if any, under which it is signed, or a notarised copy of such power or authority, shall be deposited at the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the SGM or any adjourned meeting.
3. For the purpose of ascertaining the entitlement to attend and vote at the SGM, the register of members of the Company will be closed from Wednesday, 28 April 2021 to Monday, 3 May 2021, both dates inclusive, during which period no transfer of share(s) of the Company will be registered. In order to be eligible to attend and vote at the SGM, all transfer document(s), accompanied by the relevant share certificate(s), must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 27 April 2021.
4. The Chinese translation of this notice is for reference only and in case of any inconsistency, the English version shall prevail.

As at the date of this notice, the Board comprises the following Directors:

Executive Directors:

Mr. Sam Nickolas David Hing
Cheong (*Vice Chairman*)
Mr. Lau Tom Ko Yuen
(*Vice Chairman, China*)
Mr. Marc Andreas Tschirner
(*Managing Director*)
Mr. Au Wai June

Non-Executive Director:

Mr. Kwong Kai Sing, Benny
(*Chairman*)

*Independent Non-Executive
Directors:*

Mr. Ma Ka Ki
Mr. William Nicholas Giles
Mr. Leung Chung Ki

NOTICE OF SGM

PRECAUTIONARY MEASURES FOR SPECIAL GENERAL MEETING

In view of the ongoing COVID-19 pandemic and recent requirements for prevention and control of its spread, the Company will implement the following preventive measures at the SGM to be held on Monday, 3 May 2021 at 10:30 a.m. to protect the attending shareholders of the Company (the “**Shareholders**”), staff and other stakeholders from the risk of infection:

- (a) compulsory body temperature checks will be conducted on every Shareholder, proxy and attendee at the entrance of the SGM venue. Any person with a body temperature of over 37.5 degrees Celsius may be denied entry into the SGM venue or be required to leave the SGM venue;
- (b) the Company requests attendees to wear surgical face masks inside the SGM venue at all times;
- (c) no refreshments or drinks will be served; and
- (d) designated seating arrangement will be made so as to ensure appropriate social distancing.

To the extent permitted under law, the Company reserves the right to deny entry into the SGM venue or require any person to leave the SGM venue in order to ensure the safety of the attendees at the SGM.

In the interest of all stakeholders’ health and safety and be consistent with recent COVID-19 guidelines for prevention and control, the Company reminds all Shareholders that physical attendance in person at the SGM is not necessary for the purpose of exercising voting rights. As an alternative, by using forms of proxy with voting instructions inserted, Shareholders may appoint the Chairman of the SGM as their proxy to vote on the relevant resolutions at the SGM instead of attending the SGM in person.