PYI Corporation Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 498)

(Financial figures in this announcement are expressed in Hong Kong dollars ("$") unless otherwise specified)

2008 FINAL RESULTS

The board of directors (the "Board") of PYI Corporation Limited ("PYI" or the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2008.

FINANCIAL HIGHLIGHTS

	2008	Change
Turnover	$5,503 million	+18%
Gross profit	$427 million	+56%
Profit attributable to shareholders	$360 million	+4%
EPS – Basic	24 cents	+2%
Final DPS	—	-100%
Proposed 1-year warrant at $1 / share	1 for 6 ordinary shares	N/A
Interim DPS	1.5 cents	—
Shareholders' funds	$3,377 million	+22%
NAV/S	$2.24	+20%

RESULTS
CONSOLIDATED INCOME STATEMENT
For the year ended 31 March 2008

	Notes	2008 *$'000*	2007 *$'000* (restated)
Turnover	*3*	5,502,543	4,643,712
Cost of sales		(5,075,383)	(4,370,170)
Gross profit		427,160	273,542
Other income	*4*	80,865	171,396
Administrative expenses		(291,246)	(238,936)
Distribution costs		(44,622)	(18,471)
Other expenses		(14,916)	(69,068)
Finance costs		(53,252)	(23,597)
Gain on disposal of interest in an associate		3,459	5,067
Discount on acquisition of business		—	3,755
Gain from fair value adjustments in respect of investment properties	*9*	669,460	—
Share of results of associates		56,330	223,549
Share of results of jointly controlled entities		59	(642)
Profit before taxation	*5*	833,297	326,595
Taxation (charge) credit	*6*	(315,186)	50,552
Profit for the year		518,111	377,147
Attributable to:			
Equity holders of the Company		359,982	345,665
Minority interests		158,129	31,482
		518,111	377,147
Distribution	*7*	45,053	369,668
		cents	*cents*
Earnings per share	*8*		
Basic		24.0	23.6
Diluted		23.8	23.3

CONSOLIDATED BALANCE SHEET
As at 31 March 2008

	Notes	2008 $'000	2007 $'000
NON-CURRENT ASSETS			
Property, plant and equipment		718,611	528,203
Investment properties	9	1,230,351	—
Project under development		3,281,039	2,411,680
Properties under development		172,031	44,458
Prepaid lease payments		78,770	67,968
Goodwill		63,969	61,646
Other intangible assets		61,402	55,775
Interests in associates		744,213	710,234
Interests in jointly controlled entities		1,987	1,928
Available-for-sale investments		1,081	1,312
Loans receivable – due after one year		32,222	30,956
Deferred consideration receivable		2,863	6,597
		6,388,539	3,920,757
CURRENT ASSETS			
Properties under development		173,626	82,732
Prepaid lease payments		2,343	1,766
Inventories		20,171	23,425
Loans receivable – due within one year		18,000	181,508
Amounts due from related companies		296,753	150,099
Amounts due from associates		59,777	187,314
Amounts due from customers for contract works		201,589	223,637
Debtors, deposits and prepayments	10	2,421,568	1,910,690
Conversion option embedded in loan receivable		94	1,427
Investments held for trading		61,255	155,783
Available-for-sale investments		56,635	—
Derivative financial instruments		22,174	—
Taxation recoverable		3,261	2,942
Pledged bank deposits		34,269	42,601
Short term bank deposits		438,878	441,769
Bank balances and cash		162,541	294,997
		3,972,934	3,700,690
CURRENT LIABILITIES			
Amounts due to customers for contract works		804,442	1,038,548
Creditors and accrued expenses	11	1,903,832	1,157,990
Amounts due to associates		50,291	17,429
Amounts due to minority shareholders		1,041	4,071
Amounts due to related companies		133,051	—
Taxation payable		103,987	61,286
Bank and other borrowings – due within one year		839,410	597,386
		3,836,054	2,876,710
NET CURRENT ASSETS		136,880	823,980
TOTAL ASSETS LESS CURRENT LIABILITIES		6,525,419	4,744,737

	Notes	2008 $'000	2007 $'000
NON-CURRENT LIABILITIES			
Bank and other borrowings – due after one year		966,198	426,751
Convertible notes payable	12	120,551	—
Deferred consideration payable		—	121,213
Deferred tax liabilities		1,329,360	947,924
		2,416,109	1,495,888
		4,109,310	3,248,849
CAPITAL AND RESERVES			
Share capital		150,709	149,171
Reserves		3,226,376	2,622,681
Equity attributable to equity holders of the Company		3,377,085	2,771,852
Share-based payment reserve of a subsidiary		5,280	981
Minority interests		726,945	476,016
TOTAL EQUITY		4,109,310	3,248,849

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 March 2008

	2008 $'000	2007 $'000 (restated)
Net cash from operating activities	262,966	583,638
Net cash used in investing activities	(1,131,244)	(885,170)
Net cash from financing activities	748,897	343,962
Net (decrease) increase in cash and cash equivalents	(119,381)	42,430
Effect of foreign exchange rate changes	4,466	7,866
Cash and cash equivalents brought forward	716,334	666,038
Cash and cash equivalents carried forward	601,419	716,334
Analysis of the balances of cash and cash equivalents		
Short term bank deposits	438,878	441,769
Bank balances and cash	162,541	294,997
Bank overdrafts	—	(20,432)
	601,419	716,334

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the condensed consolidated financial statements include the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2. Significant accounting policies

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments and investment properties which are measured at fair values.

In the current year, the Group has applied, for the first time, the following new standard, amendment and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 April 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
Hong Kong (IFRIC) - Interpretation ("HK(IFRIC) - Int") 8	Scope of HKFRS 2
HK(IFRIC) - Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) - Int 10	Interim Financial Reporting and Impairment
HK(IFRIC) - Int 11	HKFRS 2: Group and Treasury Share Transactions

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirement of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

Other than as disclosed above, the adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC) - Int 12	Service Concession Arrangements[3]
HK(IFRIC) - Int 13	Customer Loyalty Programmes[4]
HK(IFRIC) - Int 14	HKAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[3]

[1] Effective for annual periods beginning on or after 1 January 2009
[2] Effective for annual periods beginning on or after 1 July 2009
[3] Effective for annual periods beginning on or after 1 January 2008
[4] Effective for annual periods beginning on or after 1 July 2008

The adoption of HKFRS 3 (Revised) "Business Combinations" may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) "Consolidated and Separate Financial Statements" will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The application of these revised standards may affect the Group's results and financial position.

Other than as disclosed above, the directors of the Company anticipate that the application of the other new or revised standards, amendments and interpretations will have no material impact on the results and the financial position of the Group.

3. *Segment information*

For management purposes, the Group's operations are currently organised into six operating divisions, namely management contracting, property development management, port and infrastructure development and logistics, LPG distribution, treasury investment and property investment. These divisions form the basis on which the Group reports its primary segment information.

In the previous year, the Group's operations were organised into seven segments, namely management contracting, project management, facilities management, port and infrastructure development and logistics, LPG distribution, treasury investment and property investment. During the year, management has reorganised the operating segments by grouping the project management and facilities management segments into the property development management segment as a result of change in the Group's internal organisational and management structure. Comparative segment information has been restated accordingly.

Business segments:

Business segment information for the year ended 31 March 2008 is presented below:

	Management contracting *$'000*	Property development management *$'000*	Port and infrastructure development and logistics *$'000*	LPG distribution *$'000*	Treasury investment *$'000*	Property investment *$'000*	Eliminations *$'000*	Consolidated *$'000*
TURNOVER								
External sales	4,853,345	59,617	161,197	378,572	49,312	500	–	5,502,543
Inter-segment sales	–	4,269	2,309	–	–	–	(6,578)	–
	4,853,345	63,886	163,506	378,572	49,312	500	(6,578)	5,502,543
RESULTS								
Segment results	110,999	18,023	66,405	(8,194)	42,182	670,701	–	900,116
Unallocated income								22,491
Unallocated expenses								(142,672)
Interest income								46,577
Finance costs								(53,252)
Decrease in fair value of listed investments held for trading								(9,508)
Impairment loss on an available-for-sale investment								(1,389)
Increase in fair value of derivative financial instruments	–	–	–	–	–	11,086	–	11,086
Gain on disposal of interest in an associate	3,459	–	–	–	–	–	–	3,459
Share of results of associates	6,638	89	33,543	–	–	16,060	–	56,330
Share of results of jointly controlled entities	59	–	–	–	–	–	–	59
Profit before taxation								833,297
Taxation charge								(315,186)
Profit for the year								518,111

	Management contracting $'000	Property development management $'000	Port and infrastructure development and logistics $'000	LPG distribution $'000	Treasury investment $'000	Property investment $'000	Consolidated $'000
ASSETS							
Segment assets	1,981,852	70,418	1,200,557	254,486	347,971	1,378,726	5,234,010
Project under development							3,281,039
Available-for-sale investments							57,716
Investments held for trading							61,255
Interests in associates	31,299	3,800	708,664	–	–	450	744,213
Interests in jointly controlled entities	1,987	–	–	–	–	–	1,987
Unallocated assets							981,253
Total assets							10,361,473
LIABILITIES							
Segment liabilities	1,821,540	3,570	336,203	15,061	143,592	64,389	2,384,355
Unallocated liabilities							3,867,808
Total liabilities							6,252,163

Business segment information for the year ended 31 March 2007 is presented below:

	Management contracting $'000	Property development management $'000	Port and infrastructure development and logistics $'000	LPG distribution $'000	Treasury investment $'000	Property investment $'000	Eliminations $'000	Consolidated $'000
TURNOVER								
External sales	4,325,799	26,579	–	110,414	80,285	100,635	–	4,643,712
Inter-segment sales	1,596	19,638	1,264	–	–	–	(22,498)	–
	4,327,395	46,217	1,264	110,414	80,285	100,635	(22,498)	4,643,712
RESULTS								
Segment results	58,733	(211)	(14,472)	3,304	84,208	13,863	–	145,425
Unallocated income								7,718
Unallocated expenses								(166,596)
Interest income								42,444
Finance costs								(23,597)
Increase in fair value of listed investments held for trading								89,472
Discount on acquisition of business	–	–	–	3,755	–	–	–	3,755
Gain on disposal of interest in an associate	–	–	–	–	5,067	–	–	5,067
Share of results of associates	1,299	681	149,717	–	–	71,852	–	223,549
Share of results of jointly controlled entities	(642)	–	–	–	–	–	–	(642)
Profit before taxation								326,595
Taxation credit								50,552
Profit for the year								377,147

	Management contracting $'000	Property development management $'000	Port and infrastructure development and logistics $'000	LPG distribution $'000	Treasury investment $'000	Property investment $'000	Consolidated $'000
ASSETS							
Segment assets	1,966,433	27,575	749,338	308,674	520,954	51,729	3,624,703
Project under development							2,411,680
Available-for-sale investments							1,312
Investments held for trading							155,783
Interests in associates	29,038	3,376	605,179	—	—	72,641	710,234
Interests in jointly controlled entities	1,928	—	—	—	—	—	1,928
Unallocated assets							715,807
Total assets							7,621,447
LIABILITIES							
Segment liabilities	1,844,278	4,110	268,316	33,712	2,769	346	2,153,531
Unallocated liabilities							2,219,067
Total liabilities							4,372,598

Inter-segment sales are charged at market price or, where no market price is available, at terms determined and agreed by both parties.

Geographical segments:

The following table provides an analysis of the Group's turnover by geographical market based on location of customers, irrespective of the origin of the goods/services:

	2008 $'000	2007 $'000 (restated)
Hong Kong	4,112,872	2,948,541
Macau	785,850	1,561,006
The People's Republic of China (the "PRC") other than Hong Kong and Macau	603,821	134,165
	5,502,543	4,643,712

4. *Other income*

The following items are included in other income:

	2008 $'000	2007 $'000
Interest income	46,311	42,070
Increase in fair value of derivative financial instruments	11,086	—
Net exchange gain	21,358	5,712

5. *Profit before taxation*

	2008 $'000	2007 $'000
Profit before taxation has been arrived at after charging (crediting):		
Amortisation of intangible assets	1,334	490
Cost of construction works recognised as an expense	4,679,141	4,192,824
Cost of inventories recognised as an expense	360,312	174,652
Decrease (increase) in fair value of listed investments held for trading	9,508	(89,472)
Decrease in fair value of conversion option embedded in loan receivable	1,333	1,650
Depreciation of property, plant and equipment		
Amount provided for the year	69,277	24,255
Less: Amount capitalised in respect of contracts in progress	(2,208)	(1,491)
Amount capitalised in respect of project under development	(1,281)	(973)
Amount capitalised in respect of properties under development	(440)	(12)
	65,348	21,779
Impairment loss on an available-for-sale investment	1,389	—
Impairment loss on receivables	2,686	18,628
Loss on disposal of property, plant and equipment	118	977
Release of prepaid lease payments	1,958	1,031

6. *Taxation charge (credit)*

	2008 $'000	2007 $'000
The charge (credit) comprises:		
Hong Kong Profits Tax:		
Current year	—	4,325
Overprovision in prior years	—	(268)
	—	4,057
Taxation arising in other jurisdictions:		
Current year	40,175	9,109
Under(over)provision in prior years	1,103	(565)
	41,278	8,544
Deferred taxation		
Land Appreciation Tax ("LAT")	140,652	—
Change in tax rate	—	(62,666)
Others	133,256	(487)
	273,908	(63,153)
Taxation attributable to the Company and its subsidiaries	315,186	(50,552)

No tax is payable on the profit for the year ended 31 March 2008 arising in Hong Kong since the assessable profit is wholly absorbed by tax losses brought forward. Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profits for the year ended 31 March 2007.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

7. *Distribution*

	2008 *$'000*	2007 *$'000*
Dividends recognised as distributions to equity holders of the Company during the year:		
Final dividend paid for 2007 – 1.5 cents (2007: 1.5 cents for 2006) per share	22,467	21,939
Interim dividend paid for 2008 – 1.5 cents (2007: 1.5 cents for 2007) per share	22,586	22,069
Special dividend by way of distribution of the value derived from the Group's divestment of China Strategic Holdings Limited in 2007 – 22.2 cents per share	—	325,660
	45,053	369,668

The final dividend for the year ended 31 March 2008 is proposed to be distributed in the form of warrants to be issued on the basis of one warrant for every six existing PYI shares held by PYI shareholders whose names appear on the register of members of PYI on 18 September 2008. Each warrant will entitle PYI shareholders to subscribe for one new PYI share at an initial subscription price of $1.0 per PYI share in cash, subject to anti-dilutive adjustments, at any time between the date of issue of the warrants and the day immediately preceding the anniversary of the date of issue, both days inclusive. The value of the proposed dividend will be determined upon the approval of the issue of the warrants. For the year ended 31 March 2007, a final dividend of 1.5 cents per share amounting to about $22,393,000 was proposed.

8. *Earnings per share*

The calculation of the basic and diluted earnings per share for the year is based on the following data:

	2008 *$'000*	2007 *$'000*
Earnings attributable to equity holders of PYI for the purposes of basic and diluted earnings per share	359,982	345,665

	2008 *Number of shares*	2007 *Number of shares*
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,498,636,111	1,462,372,940
Effect of dilutive potential ordinary shares: Share options	14,921,337	19,042,143
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,513,557,448	1,481,415,083

The dilutive potential ordinary shares of convertible notes have anti-dilutive effect.

9. Investment properties

Certain investment properties are held for rental purposes under operating leases.

During the year, the Group completed the reclamation of certain sea area and obtained the certificate of completion of land reclamation (the "Certificate") in respect of certain land area (the "Formed Land") in Jiangsu Province, the PRC. Such Formed Land, the future use of which is currently undetermined, has been recognised as investment properties upon the obtaining of the Certificate. The relevant costs, which include the cost of sea use rights, development expenditure, borrowing costs capitalised and other directly attributable expenses, amounting to $378,551,000, have been reclassified from project under development.

The Group has obtained a certificate from the local land bureau for the Formed Land. Once the future use of the land is determined, the Group will apply for the appropriate land use right certificates of the Formed Land. The directors of the Company considered that there is no material impediment to obtain those land use rights certificates for the Group.

The fair value of the Group's investment properties at 31 March 2008 has been arrived at on the basis of a valuation carried out as at that date by Greater China Appraisal Limited, an independent qualified professional valuer not connected with the Group. In valuing the fair value of the investment properties, the comparison method is adopted where comparison based on prices information of recent transacted prices of comparable property is made. Comparable property of similar size, character and location are analysed in order to arrive at a fair comparison of capital values. The gain from fair value adjustment amounted to $669,460,000 had been recognised in the profit or loss during the current year.

Deferred tax consequences in respect of the revalued investment properties are assessed on the basis that reflects the tax consequences that would follow from the manner in which the Group expects to recover the carrying amounts of the property at each balance sheet date. For Formed Land held for undetermined future use located in the PRC, management of the Company, for the purpose of deferred tax calculation, has made a best estimate that half of the Formed Land will be realised through sale in the long term. The temporary difference of the relevant portion between the tax base of the revalued investment properties and their carrying amounts therefore would be subject to PRC LAT.

The investment properties of the Group are under medium-term leasehold land in the PRC.

10. Debtors, deposits and prepayments

The Group's credit terms for its management contracting segment are negotiated at terms determined and agreed with its customers. Credit terms for property leasing business is payable according to the agreements and the credit terms granted by the Group to other debtors normally range from 30 days to 90 days.

Included in debtors, deposits and prepayments are debtors of about $882,254,000 (2007: $813,035,000) and their aged analysis is as follows:

	2008 *$'000*	2007 *$'000* (restated)
Within 90 days	807,265	744,690
More than 90 days and within 180 days	16,366	19,346
More than 180 days	58,623	48,999
	882,254	813,035

11. *Creditors and accrued expenses*

Included in creditors and accrued expenses are trade creditors of about $471,022,000 (2007: $351,026,000) and their aged analysis is as follows:

	2008 *$'000*	2007 *$'000*
Within 90 days	450,612	329,211
More than 90 days and within 180 days	7,379	8,230
More than 180 days	13,031	13,585
	471,022	351,026

12. *Convertible notes payable*

During the year, the Company issued zero coupon convertible notes with an aggregate principal amount of $121,521,000 for settlement of the consideration for the LPG assets acquired during the year ended 31 March 2007. The convertible notes are denominated in Hong Kong dollars. The notes entitled the holders to convert them into ordinary shares of the Company at any time between 15th day after the date of issue of the notes and 15 days prior to their respective maturity dates on 18 April 2010 and 31 May 2010 at a conversion price of $4.25 per share subject to anti-dilutive adjustment in accordance with the agreement. If the notes are not converted, they will be redeemed on maturity date at 114.167% of the principal amount of the notes outstanding. The Company may at any time and from time to time purchase the convertible notes at any price as agreed between the Company and the noteholder. The effective interest rates of the liability component of notes issued on 19 April 2007 and 1 June 2007 are 7.02% and 7.58%, respectively.

The movement of the liability component of the convertible notes for the year is set out below:

	2008 *$'000*
Issued during the year	113,039
Interest charge	7,512
Carrying amount at the end of the year	120,551

FINAL DIVIDEND AND PROPOSED ISSUE OF WARRANTS

The Board proposed to distribute to PYI shareholders a final dividend for the year ended 31 March 2008 in the form of warrants to be issued on the basis of one warrant for every six existing PYI shares held by PYI shareholders whose names appear on the register of members of PYI as at the close of business on 18 September 2008. Each warrant will entitle PYI shareholders to subscribe for one new PYI share at an initial subscription price of $1.0 per PYI share in cash, subject to anti-dilutive adjustments, at any time between the date of issue of the warrants and the day immediately preceding the anniversary of the date of issue, both days inclusive. The value of the proposed dividend will be determined upon the approval of the issue of the warrants. Further details with respect of the warrants issue will be published in a separate announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF FINANCIAL PERFORMANCE AND POSITION

For the year ended 31 March 2008, the Group recorded a consolidated turnover of about $5,503 million (2007: $4,644 million), representing an increase of about 18% when compared with that of last corresponding year. The increase was mainly attributable to the increase in the Group's business in management contracting.

The Group's gross profit increased by 56% to about $427 million (2007: $274 million) as compared with last year. Such gross profit represented a gross margin of 8% (2007: 6%) of the consolidated turnover. Profit before taxation of about $833 million was achieved as compared with about $327 million for the last year. The Group's profit before taxation was composed of:

(i) net gain of about $129 million in management contracting and property development management businesses (2007: $59 million);
(ii) net gain of about $66 million in port and infrastructure development and logistics business (2007: net loss of $14 million);
(iii) net loss of about $8 million in LPG distribution (2007: net gain of $7 million, including discount on acquisition of LPG business of about $4 million);
(iv) net gain of about $42 million in treasury investment (2007: $84 million);
(v) net gain of about $670 million in property investment (2007: $14 million), including increase in fair value of investment properties of about $669 million (2007: Nil);
(vi) interest income of about $47 million (2006: $42 million);
(vii) gain on disposal of interests in associates of about $4 million (2007: 5 million);;
(viii) increase in fair value of derivative financial instruments of about $11 million (2007: Nil);
(ix) net gain of about $56 million (2007: $223 million) from share of results of associates and jointly controlled entities;
(x) net loss in investments held for trading and available-for-sale investments of about $11 million (2007: net gain of about $89 million);
(xi) net corporate and other expenses of about $120 million (2007: $158 million); and
(xii) finance costs of about $53 million (2007: $24 million).

Net profit for the year attributable to the shareholders of PYI was about $360 million (2007: $346 million) and basic earnings per share was 24.0 cents (2007: 23.6 cents). Such improvement was mainly due to the commencement of profit contribution from the port and infrastructure development business in Yangkou Port during the year.

When compared with the Group's financial position as at last year end, total assets increased by 36% to about $10,361 million (2007: $7,621 million) and net current assets decreased by 83% to about $137 million (2007: $824 million). These changes were mainly attributable to the Group's further capital expenditure in Yangkou Port. Consequently, current assets decreased from 1.29 times to 1.04 times of current liabilities. After accounting for the net profit of about $360 million net of dividends declared of about $45 million as well as surplus arising from RMB exchange translation of about $221 million, equity attributable to shareholders of PYI increased by 22% to about $3,377 million (2007: $2,772 million), representing $2.24 per share as at 31 March 2008 (2007: $1.86 per share).

Net cash inflow from operating activities was about $263 million and that from financing activities was about $749 million, and net cash outflow from investing activities was about $1,131 million, resulting in a net decrease in available cash and cash equivalents of about $119 million for the year.

REVIEW OF OPERATIONS

Port and Infrastructure Development and Logistics

It has been more than four years since PYI embarked on the Yangtze Strategy. During this fiscal year, PYI has strengthened its foothold on the Yangtze with promising results.

Yangkou Port

Yangkou Port contributed about $97 million (2007: Nil) to the Group's operating profit for the period under review. The income was derived from project management and non-exclusive access rights of infrastructure in Yangkou Port.

The 1.4km^2 man-made island was partially completed with 0.3km^2 of land handed over to PetroChina in November 2007 for the building of its LNG facility. The entire man-made island is scheduled for completion at the end of 2008.

The building of the Yellow Sea Crossing progressed well during the period and the last section of the bridge decking was successfully completed in middle of July 2008. It is scheduled for opening to traffic by the end of 2008 and will therefore contribute income from access rights of infrastructure. Other development plans in Yangkou Port were also in good progress. Yangkou Port is expected to commence operations by the end of 2008 as scheduled.

In addition, about 4.16km^2 of our 42km^2 land bank, having reached the formed and serviced stage, obtained the certificate of completion of land reclamation. As a result, this parcel of land has been reclassified as investment properties and revalued and recognised at fair value. As at 31 March 2008, fair value of this 4.16km^2 land parcel was about $1 billion. Net of relevant deferred tax charge of $267 million, a revaluation gain of $638 million was recognised in the income statement.

Reclamation for the final 20km^2 industrial land bank has commenced, with 10km^2 scheduled for completion before the end of 2009.

Highways, railway, canal and other connecting infrastructural and utility associated with Yangkou Port are being developed by others. With the materialization of all the above facilities and plans, Yangkou Port is poised to become a major deep-sea hub port in Eastern China specializing in raw materials, coal, petroleum and chemicals storage and trans-shipment as well as a large scale petrochemical industrial and logistic zone.

In July 2007, our 75% owned Jiangsu YangKou Port Development & Investment Co., Ltd. successfully closed a 7-year project loan facility of RMB960 million with a syndicate of eight domestic banks led by the Industrial and Commercial Bank of China in Nanjing. The successful closure of the syndicated financing not only testified the commercial viability of the project but also cast a vote of confidence in the future prospects of Yangkou Port.

Nantong Port

Nantong Port contributed about $34 million (2007: $5 million) to the Group's net profit for this year. It recorded a net profit of about $76 million (2006: $54 million) for the year ended 31 December 2007. Improvement in profitability was due to revenue growth as well as successful cost control measures.

Nantong Port recorded an annual cargo throughput of 58 million tons in 2007, representing an increase of 32% year-on-year. The Langshan Phase 3 iron ore terminal also went into commercial operation to become the most modernized trans-shipment hub terminal with the highest throughput capacity and the most modern iron ore terminal on the Yangtze River. Modernization and upgrading programs are underway in other terminals with a view to increase capacity and enhance profitability.

In January 2008, at the special general meeting shareholders granted a mandate for PYI to participate in the public tendering process and/or exercise its pre-emption right for the 12.32% equity interest held by SDIC Communications Co. in Nantong Port Group Limited. This sale process is expected to be conducted in the second half of 2008. If materialized, the acquisition will increase PYI's stake in Nantong Port Group to over 50%, thus making Nantong Port Group a PYI subsidiary.

Investment Opportunities in Other Ports on the Yangtze

During the year, PYI has signed various memoranda of understanding for port and logistics investment opportunities along the Yangtze in Chongqing, Yichang, Jiangying, Changzhou, Huzhou and Jiaxing. These opportunities progressed into different stage of negotiations in each respective location. It is expected that some of these major opportunities will be secured in the financial year ending March 2009.

Engineering Business – Paul Y. Engineering

Paul Y. Engineering and its subsidiaries (the "Paul Y. Engineering Group") achieved turnover of $4,913 million during the year, up 13% compared with last year (2007: $4,359 million). It contributed about $129 million (2007: $59 million) to the Group's operating profit during the year and proposed a final dividend of 5.5 cents per share, or a pay-out ratio of 45%.

During the year, Paul Y. Engineering Group secured new contracts totalling $1,565 million in aggregate value. Subsequent to the year end, the engineering business secured additional contracts worth $2,313 million.

Paul Y. Engineering Group has moved up the value chain of engineering services for enhanced returns with more in-depth participation in property development and investment in the property market. With the comprehensive skill base from its two business arms namely management contracting and property development management, Paul Y. Engineering Group is now ready to tap opportunities in the property sector. As PYI continues to capture opportunities from port-related property development, the wealth of experience and expertise in large-scale infrastructure projects possessed by Paul Y. Engineering Group will continue to be a solid partner of PYI.

LPG Distribution

Based in Wuhan, PYI's wholly-owned Minsheng Gas owns and operates the largest LPG terminal and storage facility in Central China. Through its mature wholesale and retail network, Minsheng Gas has captured a 40% share of the Wuhan LPG market for automotive consumption. The LPG distribution business recorded an operating loss of about $8 million (2007: gain of $3 million) for the year. Profitability was affected by the suppressed domestic oil price regime during the year. As a responsible corporate citizen, Minsheng Gas switched to the lower cost domestic LPG in order to mitigate cost. Throughput at the river terminal and the storage tank facilities declined due to decrease in import LPG. At times of negative margin, losses were partly offset by Government subsidy. The situation has recovered and returned to positive margin since the uplift of nation-wide price regime approved by the Central Government in June 2008.

Property Development and Investment

Property investment contributed about $670 million (2007: $14 million) to operating profit for the year, as a result of the gain in fair value of investment properties of $669 million (2007: Nil). The investment properties comprised the 4.16km^2 formed land in Yangkou Port, and a newly acquired industrial investment property in Hangzhou, which gave rise to a revaluation gain of $31 million net of relevant deferred tax charge of $7 million.

Little Yangkou is situated about 35km west of Yangkou Port. Preliminary advance works was underway with a view to develop it as resort and amenity for the Yangkou industrial zone.

"Wanhua Zijin Garden", a residential property development near Yangkou Port with a gross floor area of 65,000m^2 is approaching partial completion and handover stage.

In Nantong, the Group is developing the Nantong World Trade Centre, a commercial and office complex tower covering a gross floor area of some 65,000m^2. Development of this property is expected to be completed in late of 2009.

Treasury Investment

The Treasury investment business contributed about $42 million (2007: $84 million) towards operating profit for the year.

Portfolio of high-yield loans receivable amounted to about $340 million (2007: $469 million), equivalent to about 3% (2007: 6%) of the total assets of the Group.

MATERIAL ACQUISITION AND DISPOSAL

During the year, the Group did not have material acquisition and disposal of subsidiaries and associates.

OUTLOOK

China's short-term economic trend is clouded by a number of uncertainties including international trade and financial market conditions, domestic austerity program and monetary policy, inflation, high oil and base metal prices as well as impact caused by natural disasters. It is quite pleasing to see that government policies are still strongly in favor of infrastructural investments, particularly in the port and logistics sector.

After five years of dedicated development works, Yangkou Port will be brought from a conceptual stage in 2003 to reality. The official opening of Yangkou Port is scheduled for the end of 2008. That will mark the commencement of operations of the newest deep sea port in Eastern China serving the petrochemical industry as well as acting as a bulk cargo trans-shipment hub for the Yangtze River Region. Having secured PetroChina's LNG importation facilities at Yangkou Port, the 30km^2 industrial land bank will provide a viable base for sustainable development for many industrial companies in short and medium term. As the anchor of our Yangtze Strategy, Yangkou Port has finally reached a key development stage that it will continue to be a major value driver for PYI for many years to come.

Nantong Port Group is moving on to the third successful year in terms of throughput as well as profitability, with double digit growth year on year. Furthermore, it will serve as a solid base for PYI to embark on the consolidation strategy along the Yangtze River. PYI is determined to capture the investment opportunities built up in recent years and evolve to be a major integrated regional port owner and operator along the Yangtze.

Barring any unforeseen conditions, PYI is optimistic in building critical mass and long-term value with our Yangtze Strategy in the coming year.

MAJOR SUBSEQUENT EVENT

Since the balance sheet date and up to the date of this announcement, there is no major subsequent event.

LIQUIDITY AND CAPITAL RESOURCES

The Group continues to adopt a prudent funding and treasury policy with regard to its overall business operations. A variety of credit facilities are maintained to meet its working capital requirements and committed capital expenditures. The loans of the Group bear interest at market rates and are with terms of repayment ranging from one year to six years. In an effort to minimize the adverse impact of exchange rate and interest rate fluctuations on the Group's earnings, assets and liabilities, the Group continues to manage the fluctuation exposures on specific transactions.

As at 31 March 2008, the Group's total borrowings amounted to about $2,046 million (2007: $1,024 million) with $959 million (2007: $597 million) repayable within one year and $1,087 million (2007: $427 million) repayable after one year. Out of the Group's total borrowings of about $2,046 million, about $204 million was non-recourse to the Group (excluding the Paul Y. Engineering Group).

As at 31 March 2008, $337 million (2007: $262 million) of the Group's borrowings bore interest at floating rates and were denominated in Hong Kong dollars, $121 million (2007: Nil) bore interest at fixed rates and were denominated in Hong Kong dollars, $1,362 million (2007: $600 million) bore interest at floating rates and were denominated in Renminbi, and $226 million (2007: $162 million) bore interest at a fixed rate and were denominated in Renminbi. The Group's gearing ratio was 0.61 (2007: 0.37), which is calculated based on the total borrowings of $2,046 million (2007: $1,024 million) and the Group's shareholders' fund of $3,377 million (2007: $2,772 million).

Cash balances at 31 March 2008 amounted to about $636 million (2007: $779 million), of which about $34 million (2007: $43 million) has been pledged to banks to secure general credit facilities granted to the Group. As at 31 March 2008, the Group has a net debt position (being cash balances net of bank borrowings) of $1,143 million (2007: $185 million).

During the year, the Group issued a zero coupon, 3-year convertible note of $122 million at a conversion price of $4.25 per share. Redemption amount will be 114.167% of par value at maturity.

In July 2007, the Group, through its 75% owned subsidiary Jiangsu YangKou Port Development and Investment Co., Ltd., entered into a 7-year project loan facility agreement for RMB960 million with a syndicate of eight domestic banks in Nanjing, the PRC. This syndicated loan, bearing the current Renminbi long-term loan benchmark interest rate as announced by the People's Bank of China, will be used to fund construction of the 13km Yellow Sea Crossing and the 1.4km^2 man-made island at Yangkou Port. As at 31 March 2008, the Group utilised the syndicated loan in an aggregate amount of RMB600 million.

CONTINGENT LIABILITIES

As at 31 March 2008, the Group has contingent liabilities in respect of guarantee given to a bank for banking facilities given to an associate of about $10 million (2007: $9 million) which was non-recourse to the Group (excluding the Paul Y. Engineering Group).

PLEDGE OF ASSETS

As at 31 March 2008, certain property, plant and equipment, land and sea use rights, investment property, properties under development and bank deposits of the Group with an aggregate value of about $916 million (2007: $644 million) and benefits under certain construction contracts have been pledged to banks and financial institutions to secure general credit facilities granted to the Group. As at 31 March 2008, about $43 million (2007: $53 million) of these pledged assets were used to secure credit facilities which were non-recourse to the Group (excluding the Paul Y. Engineering Group).

COMMITMENTS

As at 31 March 2008, the Group has expenditure contracted for but not provided for in the consolidated financial statements in respect of acquisition of certain property, plant and equipment, project under development and properties under development in the amount of about $1,155 million (2007: $1,520 million).

NUMBER OF EMPLOYEES AND REMUNERATION POLICIES

Including the directors of the Group, as at 31 March 2008, the Group employed 2,054 full time employees (2007: 1,927). Remuneration packages consisted of salary as well as performance-based and equity-based bonuses.

Further, PYI has implemented three share-related incentive schemes to provide alternative means to motivate employees and promote their loyalty in line with the Group's strategy. Such schemes aim at providing incentives to motivate the Group's staff in both Hong Kong and the Mainland.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

During the year, PYI had repurchased a total of 1,834,000 ordinary shares of PYI on the Stock Exchange at an aggregate price of $6,137,000 (including transaction costs), representing an average price of $3.35 paid for each share repurchased. All these shares were cancelled upon repurchase.

CORPORATE GOVERNANCE

PYI has complied with all applicable code provisions of the Code on Corporate Governance Practices in Appendix 14 to the Listing Rules throughout the year ended 31 March 2008.

During the year, the functions and composition of the Board and all Board committees remain the same as those set out in the Corporate Governance Report on pages 56 to 83 of the PYI's annual report dated 20 July 2007. The Board also continued its progressive efforts to maintain and enhance the effectiveness of the Group's system of internal control covering all material areas, including its financial, operational and compliance controls and its risk management functions.

PYI has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code for dealing in the securities of PYI by its directors and the relevant employees of the Group.

According to specific enquiries made by PYI, all PYI directors and relevant employees of the Group have confirmed their compliance with the required standard set out in the Model Code throughout the year.

REVIEW OF ACCOUNTS

The Group's results for the year ended 31 March 2008 have been reviewed by the Audit Committee.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated balance sheet, consolidated income statement, condensed consolidated cash flow statement and the related notes thereto for the year ended 31 March 2008 as set out in the announcement have been agreed by the Group's auditors, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this preliminary announcement.

APPRECIATION

We would like to take this opportunity to express our appreciation to shareholders for their support, to the management and staff for their dedicated efforts and to our clients, consultants and partners for all their valuable assistance offered during this past year.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on PYI's corporate website at www.pyicorp.com/pyiCms/en/announcements.jsp and the HKExnews at www.hkexnews.hk under "Latest Listed Company Information". The 2008 Annual Report will be dispatched to our shareholders and posted at the aforesaid websites by end of July 2008.

ANNUAL GENERAL MEETING

The 2008 Annual General Meeting of PYI is scheduled to be held on 5 September 2008. A circular containing the Notice of Annual General Meeting and information concerning, inter alia, the proposed issue of the warrants, the re-election of retiring directors, directors' remuneration, the grant of general mandates to issue new shares and repurchase shares and the refreshment of the 10% scheme limit on share option scheme, will be dispatched to PYI shareholders in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the composition of the Board is as follows:

Dr Chow Ming Kuen, Joseph *OBE, JP*	:	Chairman (Independent Non-Executive Director)
Mr Lau Ko Yuen, Tom	:	Deputy Chairman and Managing Director
Dr Chan Kwok Keung, Charles	:	Non-Executive Director
Mr Kwok Shiu Keung, Ernest	:	Independent Non-Executive Director
Mr Chan Shu Kin	:	Independent Non-Executive Director
Mr Leung Po Wing, Bowen Joseph *GBS, JP*	:	Independent Non-Executive Director
Mr Li Chang An	:	Independent Non-Executive Director

On behalf of the Board
PYI Corporation Limited
Chow Ming Kuen, Joseph *OBE, JP*
Chairman

Hong Kong, 18 July 2008