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)

2009 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 2009.

FINANCIAL HIGHLIGHTS

	2009	Change
Turnover	$4,836 million	-12%
Gross profit	$360 million	-16%
Profit attributable to shareholders	$139 million	-61%
Basic EPS - as at 31/3/2009 - adjusted due to rights issue in July 2009	9.2 cents 3.9 cents	-62%
Shareholders' funds	$3,647 million	+8%
NAV/S - as at 31/3/2009 - adjusted due to rights issue in July 2009	$2.42 $0.88	+8%

RESULTS

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2009

	Notes	**2009** **$'000**	2008 $'000
Turnover	3	4,835,905	5,502,543
Cost of sales		(4,475,854)	(5,075,383)
Gross profit		360,051	427,160
Other income	4	33,521	80,865
Administrative expenses		(282,820)	(291,246)
Distribution and selling expenses		(59,252)	(44,622)
Other expenses		(109,276)	(14,916)
Finance costs		(76,912)	(53,252)
Gain on fair value changes of investment properties	9	672,639	669,460
Gain on disposal of interest in an associate		—	3,459
Share of results of associates		38,601	56,330
Share of results of jointly controlled entities		743	59
Profit before taxation	5	577,295	833,297
Taxation	6	(327,784)	(315,186)
Profit for the year		249,511	518,111
Attributable to:			
Equity holders of the Company		138,794	359,982
Minority interests		110,717	158,129
		249,511	518,111
Distribution	7	12,833	45,053
		cents	*cents*
Earnings per share	8		
Basic*		3.9	10.3
Diluted*		3.9	10.2

*** Adjusted as a result of the rights issue completed in July 2009**

CONSOLIDATED BALANCE SHEET
As at 31 March 2009

	Notes	2009 $'000	2008 $'000
NON-CURRENT ASSETS			
Property, plant and equipment		691,933	718,611
Investment properties	9	2,049,887	1,230,351
Project under development		3,694,293	3,281,039
Properties under development		134,562	172,031
Prepaid lease payments		221,918	78,770
Goodwill		64,343	63,969
Other intangible assets		61,570	61,402
Interests in associates		799,679	744,213
Interests in jointly controlled entities		2,730	1,987
Available-for-sale investments		804	1,081
Loans receivable – due after one year		33,569	32,222
Deferred consideration receivable		—	2,863
		7,755,288	6,388,539
CURRENT ASSETS			
Stock of properties	10	768,685	173,626
Prepaid lease payments		2,383	2,343
Inventories		19,097	20,171
Loans receivable – due within one year		319,542	308,267
Amounts due from associates		57,583	59,777
Amounts due from customers for contract works		196,776	201,589
Trade and other debtors, deposits and prepayments	11	2,201,384	2,428,054
Investments held for trading		13,188	61,255
Available-for-sale investments		37,127	56,635
Derivative financial instruments		22,770	22,268
Taxation recoverable		—	3,261
Pledged bank deposits		183,439	34,269
Short term bank deposits		176,698	438,878
Bank balances and cash		561,982	162,541
		4,560,654	3,972,934
CURRENT LIABILITIES			
Amounts due to customers for contract works		737,098	804,442
Trade and other creditors and accrued expenses	12	2,069,716	1,903,832
Amounts due to associates		135,934	50,291
Amounts due to minority shareholders		35	1,041
Amounts due to related companies		142,321	133,051
Taxation payable		91,713	103,987
Bank and other borrowings – due within one year		1,151,958	839,410
		4,328,775	3,836,054
NET CURRENT ASSETS		231,879	136,880
TOTAL ASSETS LESS CURRENT LIABILITIES		7,987,167	6,525,419

	2009 $'000	2008 $'000
NON-CURRENT LIABILITIES		
Bank and other borrowings – due after one year	1,565,153	966,198
Convertible notes payable	129,068	120,551
Amounts due to minority shareholders	74,767	—
Deferred tax liabilities	1,670,162	1,329,360
	3,439,150	2,416,109
	4,548,017	4,109,310
CAPITAL AND RESERVES		
Share capital	150,839	150,709
Reserves	3,495,757	3,226,376
Equity attributable to equity holders of the Company	3,646,596	3,377,085
Share-based payment reserve of a subsidiary	841	5,280
Minority interests	900,580	726,945
TOTAL EQUITY	4,548,017	4,109,310

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 March 2009

	2009 $'000	2008 $'000
Net cash from operating activities	76,124	262,966
Net cash used in investing activities	(682,319)	(1,131,244)
Net cash from financing activities	742,427	748,897
Net increase (decrease) in cash and cash equivalents	136,232	(119,381)
Effect of foreign exchange rate changes	1,029	4,466
Cash and cash equivalents brought forward	601,419	716,334
Cash and cash equivalents carried forward	738,680	601,419
Analysis of the balances of cash and cash equivalents		
Short term bank deposits	176,698	438,878
Bank balances and cash	561,982	162,541
	738,680	601,419

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the condensed consolidated financial statements include the applicable disclosures required by 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. Principal 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 amendments and interpretations ("new HKFRSs") issued by the HKICPA which are effective for the Group's financial year beginning 1 April 2008. The adoption of these new HKFRSs had no material effect on how the results and financial position of the Group for the current or prior financial years have been prepared and presented. Accordingly, no prior year 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.

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 1 (Revised)	Presentation of Financial Statements[3]
HKAS 23 (Revised)	Borrowing Costs[3]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[4]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[3]
HKAS 39 (Amendment)	Eligible Hedged Items[4]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[3]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[3]
HKFRS 3 (Revised)	Business Combinations[4]
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments[3]
HKFRS 8	Operating Segments[3]
HK(IFRIC) - Int 9 & HKAS 39 (Amendments)	Embedded Derivatives[5]
HK(IFRIC) - Int 13	Customer Loyalty Programmes[6]
HK(IFRIC) - Int 15	Agreements for the Construction of Real Estate[3]
HK(IFRIC) - Int 16	Hedges of a Net Investment in a Foreign Operation[7]
HK(IFRIC) - Int 17	Distributions of Non-cash Assets to Owners[4]
HK(IFRIC) - Int 18	Transfers of Assets from Customers[8]

[1] Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009
[2] Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate
[3] Effective for annual periods beginning on or after 1 January 2009
[4] Effective for annual periods beginning on or after 1 July 2009
[5] Effective for annual periods ending on or after 30 June 2009
[6] Effective for annual periods beginning on or after 1 July 2008
[7] Effective for annual periods beginning on or after 1 October 2008
[8] Effective for transfers on or after 1 July 2009

2. Principal accounting policies - continued

The application of the amendment to HKAS 40 “Investment Property” which is contained in HKFRSs (Amendments) “Improvements to HKFRSs” may affect the accounting for property under construction or development for future use as an investment property of the Group. The amendment to HKAS 40 brings such property within the scope of HKAS 40. Such property is currently accounted for at cost less impairment in accordance with HKAS 16 “Property, Plant and Equipment”.

HKAS 23 (Revised) “Borrowing Costs” requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowings costs will be removed. The Group will apply HKAS 23 (Revised) from 1 April 2009 and the directors believe that it should not have a significant impact to the Group as the Group has already applied the accounting policy of capitalising the borrowing costs under the current standard, which is consistent with HKAS 23 (Revised).

The application of HKFRS 3 (Revised) “Business Combinations” may affect the Group’s accounting for business combination for which the acquisition date is on or after 1 April 2010. HKAS 27 (Revised) “Consolidated and Separate Financial Statements” will affect the accounting treatment for changes in the Group’s ownership interest in a subsidiary.

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

3. Segment information

Business segments

For management purposes, the Group’s operations are currently organised into seven operating divisions, namely management contracting, property development management, port and infrastructure development and logistics, LPG distribution, treasury investment, property investment and property trading. 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 six segments, namely management contracting, property development management, port and infrastructure development and logistics, LPG distribution, treasury investment and property investment.

In the current financial year, property trading is reported as a separate segment as it is reflected internally as a separate segment. In prior years, the results and assets and liabilities for property trading were included in unallocated results and assets and liabilities. Comparative segment information has been restated accordingly.

3. *Segment information – continued*

Business segment information for the year ended 31 March 2009 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	Property trading $'000	Elimin-ations $'000	Consolidated $'000
TURNOVER									
External sales	4,293,857	20,894	117,489	345,488	32,983	3,761	21,433	–	4,835,905
Inter-segment sales	108,213	7,411	1,883	–	–	463	–	(117,970)	–
Total	4,402,070	28,305	119,372	345,488	32,983	4,224	21,433	(117,970)	4,835,905
RESULTS									
Segment results	89,717	(9,697)	17,784	25,957	32,724	671,952	(10,253)	–	818,184
Unallocated expenses									(135,926)
Interest income									19,032
Finance costs									(76,912)
Loss on fair value changes of investments held for trading									(67,421)
Gain on fair value changes of derivative financial instruments	–	–	–	–	–	502	–	–	502
Impairment loss on an available-for-sale investment									(19,508)
Share of results of associates	1,363	28	37,214	–	–	(4)	–	–	38,601
Share of results of jointly controlled entities	743	–	–	–	–	–	–	–	743
Profit before taxation									577,295
Taxation									(327,784)
Profit for the year									249,511

3. Segment information – continued

	Management contracting *$'000*	Property development management *$'000*	Port and infrastructure development and logistics *$'000*	LPG distribution *$'000*	Treasury investment *$'000*	Property investment *$'000*	Property trading *$'000*	Elimin-ations *$'000*	Consolidated *$'000*
ASSETS									
Segment assets	1,684,746	74,313	1,202,821	241,072	382,925	2,058,909	780,819	(98,243)	6,327,362
Project under development									3,694,293
Available-for-sale investments									37,931
Investments held for trading									13,188
Interests in associates	26,899	3,948	768,386	–	–	446	–	–	799,679
Interests in jointly controlled entities	2,730	–	–	–	–	–	–	–	2,730
Unallocated assets									1,440,759
Total assets									12,315,942
LIABILITIES									
Segment liabilities	1,495,182	4,846	971,270	21,231	2,264	7,802	384,032	(98,243)	2,788,384
Unallocated liabilities									4,979,541
Total liabilities									7,767,925

3. *Segment information – continued*

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	Property trading $'000	Elimin-ations $'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)	—
Total	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	(1,189)	—	898,927
Unallocated expenses									(141,483)
Unallocated income									22,491
Interest income									46,577
Finance costs									(53,252)
Loss on fair value changes of investments held for trading									(9,508)
Gain on fair value changes of derivative financial instruments	—	—	—	—	—	11,086	—	—	11,086
Impairment loss on an available-for-sale investment									(1,389)
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									(315,186)
Profit for the year									518,111

3. Segment information – continued

	Management contracting $'000	Property development management $'000	Port and infrastructure development and logistics $'000	LPG distribution $'000	Treasury investment $'000	Property investment $'000	Property trading $'000	Consolidated $'000
ASSETS								
Segment assets	1,981,852	70,418	1,021,323	254,486	347,971	1,378,726	179,234	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	303,433	15,061	2,308	64,389	32,770	2,243,071
Unallocated liabilities								4,009,092
Total liabilities								6,252,163

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:

	2009 $'000	2008 $'000
Hong Kong	4,120,351	4,112,872
Macau	162,110	785,850
The People's Republic of China (the "PRC") other than Hong Kong and Macau	553,444	603,821
	4,835,905	5,502,543

4. Other income

The following items are included in other income:

	2009 $'000	2008 $'000
Interest income	18,878	46,311
Government grant	13,605	—
Gain on fair value changes of derivative financial instruments	502	11,086
Gain on disposal of property, plant and equipment	382	—
Net exchange gain	—	21,358

4. *Other income – continued*

The Group received a cash government grant of about $13,605,000 (2008: Nil) as compensation for LPG sold by the Group at regulated prices during the year ended 31 March 2009. There are no unfulfilled conditions or other contingencies attached to the receipt of this government grant. There is no assurance that the Group will continue to receive such grant in the future.

5. *Profit before taxation*

	2009 **$'000**	2008 $'000
Profit before taxation has been arrived at after charging (crediting):		
Amortisation of intangible assets	1,569	1,334
Cost of construction works recognised as an expense	4,121,473	4,679,141
Cost of inventories recognised as an expense	314,890	360,312
Loss on fair value changes of investments held for trading (included in other expenses)	67,421	9,508
Depreciation of property, plant and equipment		
Amount provided for the year	82,824	69,277
Less: Amount capitalised in respect of contracts in progress	(2,063)	(2,208)
Amount capitalised in respect of project under development	(1,312)	(1,281)
Amount capitalised in respect of properties under development	(591)	(186)
Amount capitalised in respect of stock of properties	(552)	(254)
	78,306	65,348
Impairment loss on an available-for-sale investment (included in other expenses)	19,508	1,389
(Reversal of) impairment loss on receivables (included in other expenses)	(263)	2,686
Loss on disposal of property, plant and equipment	—	118
Release of prepaid lease payments	2,386	1,958

6. *Taxation*

	2009 **$'000**	2008 $'000
The charge comprises:		
Hong Kong Profits Tax:		
Current year	—	—
Underprovision in prior years	1,608	—
	1,608	—
Taxation arising in other jurisdictions:		
Current year	15,836	40,175
(Over)underprovision in prior years	(319)	1,103
	15,517	41,278
Deferred taxation		
Land Appreciation Tax ("LAT")	190,639	140,652
Others	120,020	133,256
	310,659	273,908
Taxation attributable to the Company and its subsidiaries	327,784	315,186

6. *Taxation – continued*

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% (2008: 17.5%) of the estimated assessable profit for the year.

Taxation arising in other jurisdictions, mainly the PRC, is calculated at the rates prevailing in the respective jurisdictions. The applicable enterprise income tax rate for the PRC is 25%.

According to the requirements of the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995, all income from the sale or transfer of land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value.

7. *Distribution*

	2009 ***$'000***	2008 *$'000*
Dividends recognised as distributions to equity holders of the Company during the year:		
Final dividend for the year ended 31 March 2008 – 0.85 cent (2008: 1.5 cents for the year ended 31 March 2007) per share	**12,833**	22,467
Interim dividend for the year ended 31 March 2009 – Nil (2008: 1.5 cents for the year ended 31 March 2008) per share	–	22,586
	12,833	45,053

The final dividend for the year ended 31 March 2008 was distributed in the form of warrants 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 the holder to subscribe for one new PYI share at an initial subscription price of $1.00 per PYI share in cash, subject to anti-dilutive adjustments, at any time between the date of issue of the warrants on 26 September 2008 and the day immediately preceding the anniversary of the date of issue on 25 September 2009, both days inclusive. The fair value of each warrant issued was determined based on a valuation as at the date of declaration of the dividend, which is also the date of approval of the issue of the warrants on 5 September 2008, performed by RHL Appraisal Ltd., an independent qualified professional valuer not connected with the Group.

The directors do not recommend the payment of a final dividend for the year ended 31 March 2009.

8. *Earnings per share*

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

	2009 $'000	2008 $'000
Earnings attributable to equity holders of PYI for the purposes of basic and diluted earnings per share	138,794	359,982

	2009 Number of shares	2008 Number of shares (restated)
Weighted average number of ordinary shares for the purpose of basic earnings per share	3,519,094,553	3,496,817,592
Effect of dilutive potential ordinary shares:		
Share options	48,387	34,816,453
Weighted average number of ordinary shares for the purpose of diluted earnings per share	3,519,142,940	3,531,634,045

The potential ordinary shares attributable to the convertible notes and warrants have anti-dilutive effect for the year ended 31 March 2009.

The potential ordinary shares attributable to the convertible notes have anti-dilutive effect for the year ended 31 March 2008.

The weighted average number of ordinary shares for the calculation of basic and diluted earnings per share for both years have been adjusted for the rights issue of PYI completed in July 2009.

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 obtaining 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 $118,998,000 (2008: $378,551,000), have been transferred from project under development.

In respect of the land for which 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. As at 31 March 2009, investment properties included Formed Land amounting to about $1,893,424,000 (2008: $1,080,683,000) which the land use right certificates had not been obtained. The directors of the Company considered that there is no material impediment to obtain those land use rights certificates for the Group.

9. Investment properties – continued

The fair value of the Group's investment properties at 31 March 2009 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 determining 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 on fair value changes amounting to $672,639,000 (2008: $669,460,000) had been recognised in the consolidated income statement for 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 in addition to enterprise income tax.

Investment properties of the Group other than the Formed Land are situated in the PRC on land held under medium-term leases.

10. Stock of properties

During the year, the Group completed the reclamation of certain sea area and obtained the Certificate in respect of Formed Land. Those pieces of Formed Land are held for sale in the ordinary course of business and have been classified as stock of properties upon obtaining the Certificate. The relevant costs, which include the cost of sea use rights, development expenditure, borrowing costs capitalised and other directly attributable costs, amounting to about $137,595,000 (2008: Nil), have been transferred from project under development.

At 31 March 2009, stock of properties includes an amount of about $494,012,000 (2008: HK$153,830,000) are expected to be completed and sold after more than twelve months from the balance sheet date.

11. *Trade and other 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 port and infrastructure business are negotiated at specific terms with customers or in connection with the completion of underlying construction work. Rental income 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 trade and other debtors, deposits and prepayments are trade debtors of about $536,940,000 (2008: $882,254,000) and their aged analysis is as follows:

	2009 ***$'000***	2008 *$'000*
Within 90 days	361,183	807,265
More than 90 days and within 180 days	31,903	16,366
More than 180 days	143,854	58,623
	536,940	882,254

12. *Trade and other creditors and accrued expenses*

Included in trade and other creditors and accrued expenses are trade creditors of about $312,794,000 (2008: $471,022,000) and their aged analysis is as follows:

	2009 ***$'000***	2008 *$'000*
Within 90 days	289,929	450,612
More than 90 days and within 180 days	10,588	7,379
More than 180 days	12,277	13,031
	312,794	471,022

FINAL DIVIDEND

The Board has resolved that in view of the recent deteriorating global economy, it is prudent for PYI to retain an appropriate level of funds for any potential business opportunities as and when they arise, and therefore does not recommend payment of a final dividend for the year ended 31 March 2009. For the year ended 31 March 2008, a final dividend of 0.85 cent per share amounting to about $12,833,000 was distributed in the form of warrants.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF FINANCIAL PERFORMANCE AND POSITION

For the year ended 31 March 2009, the Group recorded a consolidated turnover of about $4,836 million (2008: $5,503 million), representing a decrease of about 12% when compared with last year. The decrease was mainly attributable to the decrease in the Group's business in management contracting.

The Group's gross profit decreased by 16% to about $360 million (2008: $427 million) as compared with last year. Such gross profit represented a gross margin of 7% (2008: 8%) of the consolidated turnover. Profit before taxation of about $577 million was achieved as compared with about $833 million for the last year. The Group's profit before taxation was composed of:

(i) net gain of about $80 million in management contracting and property development management businesses (2008: $129 million);
(ii) net gain of about $18 million in port and infrastructure development and logistics business (2008: $66 million);
(iii) net gain of about $26 million in LPG distribution (2008: net loss of $8 million);
(iv) net gain of about $33 million in treasury investment (2008: $42 million);
(v) net gain of about $672 million in property investment (2008: $670 million);
(vi) net loss of about $10 million in property trading (2008: $1 million);
(vii) interest income and other income of about $19 million (2008: $84 million);
(viii) net gain of about $39 million from share of results of associates and jointly controlled entities (2008: $56 million);
(ix) net loss in investments held for trading and available-for-sale investments of about $87 million (2008: $11 million);
(x) corporate and other expenses of about $136 million (2008: $141 million); and
(xi) finance costs of about $77 million (2008: $53 million).

Net profit for the year attributable to the shareholders of PYI was about $139 million (2008: $360 million) and basic earnings per share was 3.9 cents (2008: 10.3 cents). The performance was adversely affected by the set back in contribution from the Group's engineering arm - Paul Y. Engineering and its subsidiaries (the "Paul Y. Engineering Group"), the drop in port-related project management income, as well as the increase in net loss arising from fair value reduction in trading securities.

When compared with the Group's financial position as at last year end, total assets increased by 19% to about $12,316 million (2008: $10,361 million) and net current assets increased by 69% to about $232 million (2008: $137 million). These changes were mainly attributable to the fair value appreciation of the investment properties in Yangkou Port, and the finance of capital expenditure by long term borrowings. Consequently, current assets increased from 1.04 times to 1.05 times of current liabilities. After accounting for the net profit of about $139 million net of dividends declared of about $13 million, the share of other reserves of associates of $47 million, as well as surplus arising from RMB exchange translation of about $65 million, equity attributable to shareholders of PYI increased by 8% to about $3,647 million (2008: $3,377 million), representing $2.42 (2008: $2.24) per share as at 31 March 2009 (equivalent to $0.88 (2008: $0.82) per share after adjustments of the estimated net proceeds from the rights issue of $350 million and the 3,019,350,218 rights shares in issue as a result of the rights issue completed in July 2009).

Net cash inflow from operating activities was about $76 million and that from financing activities was about $742 million, and net cash outflow for investing activities was about $682 million, resulting in a net increase in available cash and cash equivalents of about $136 million for the year.

REVIEW OF OPERATIONS

Port and Infrastructure Development and Logistics

PYI continues to take measured steps in materializing our bulk cargo logistics network along the Yangtze River, delivering satisfactory progress and promising results.

Yangkou Port

Yangkou Port contributed about $41 million (2008: $97 million) to the Group's operating profit for the year under review. The income was derived from project management and access rights of infrastructure in Yangkou Port. The performance was affected by the drop in project management income owing to completion of certain project management services during the year.

Yangkou Port declared a soft open in October 2008, with the navigation channel also declared open and a general cargo berth in operation. The construction of the 13-km Yellow Sea Crossing was completed and the construction of the Pipeline Bridge commenced in February 2009.

The 1.4 sq km man-made island, the Sun Island, was substantially completed in 2008. A 0.3 sq km land parcel was handed over to PetroChina for the construction of a LNG facility, which is expected to be completed in 2010.

In addition to the 4.16 sq km formed land completed in the preceding year, about 4.45 sq km of our 42 sq km land bank have reached the formed and serviced stage and obtained the certificate of completion of land reclamation during the year. As at 31 March 2009, about 2.95 sq km of the 4.45 sq km newly formed land has been reclassified as investment properties and measured at fair value of about $705 million. The remaining 1.5 sq km newly formed land is classified as stock of properties held for trading and carried at historical cost.

Embankment works for the final 20 sq km industrial land bank has commenced, with 10 sq km scheduled for completion in 2010. Highways, railway, canal and other connecting infrastructure and utility associated with Yangkou Port are being developed by other parties. In June 2009, the State Council has approved in principle the Jiangsu Coastal Region Development Plan, which contains Yangkou Port as one of the major focal development points.

Nantong Port

Nantong Port contributed about $38 million (2008: $34 million) to the Group's net profit for the year under review. Its net profit amounted at about $85 million (2008: $76 million) for the year ended 31 December 2008.

Despite the challenging operational environment since the global financial crisis, annual cargo throughput of Nantong Port Group still reached 54 million tonnes in 2008, a decrease of 7% from previous year. Container throughput recorded new high at 400,000 TEUs, representing 8% year-on-year growth.

In November 2008, taking account of the adverse market situations and to conserve financial resources, PYI decided to forego the opportunity to acquire up to 12.32% equity interest in Nantong Port Group.

Investment Opportunities in Other Ports on the Yangtze

In September 2008, PYI entered into an agreement to invest in Yichang Port Group Limited ("Yichang Port Group") by the injection of new capital into Yichang Port Group, which represented a 51% equity interest in the registered capital of Yichang Port Group as enlarged by the investment. The total consideration amounted to RMB114 million (equivalent to about $130 million) and 60% of it was paid in April 2009. The transaction is expected to be completed by October 2009.

Subsequent to the year end, PYI acquired 25% interest in Jiangyin Sunan International Container Terminal Co. Ltd. from Shanghai Port Container (Macau) Company Limited at a consideration of RMB27.65 million (equivalent to about $31.4 million) in June 2009. Jiangyin Sunan operates the container terminal in Jiangyin Port.

These earning accretive investments will make our network along the Yangtze River more complete and synergized, and are expected to generate profit in the foreseeable future.

Engineering Business – Paul Y. Engineering

The Paul Y. Engineering Group achieved turnover of $4,427 million during the year, down 10% compared with last year (2008: $4,913 million). It contributed about $80 million (2008: $129 million) to the Group's operating profit during the year. The decline in gross profit was due to slight decline in revenue and tightening margin arising from volatile material and labor cost.

During the year, Paul Y. Engineering Group secured new contracts totalling $4,149 million in aggregate value, a 165% growth year on year. Subsequent to the year end, the engineering business secured additional contracts of $2,662 million.

As at 31 March 2009, the total value of contracts on hand of Paul Y. Engineering Group is about $10,625 million (2008: $9,507 million), a 12% growth year on year.

LPG Distribution

The LPG distribution business of Hubei Minsheng contributed about $26 million to the Group's operating profit (2008: loss of $8 million) for the year under review. The performance of Minsheng Gas substantially improved during the year, with distribution volume and throughput at river terminal and the storage tank facilities showing growth again since the third quarter of 2008. Margin on LPG distribution recovered as a result of several price uplifts approved by the Central Government since June 2008.

Property Investment and Trading

Property investment and property trading in aggregate contributed about $662 million (2008: $669 million) to operating profit for the year. The profit is mainly attributed to the gain on fair value of investment properties of $669 million (2008: $638 million) arising from the 7.11 sq km (2008: 4.16 sq km) formed land in Yangkou Port, and a relevant deferred tax charge of $311 million (2008: $267 million) was charged to the income statement.

Out of the 8.61 sq km land bank having reached the formed and serviced stage as at 31 March 2009, about 1.5 sq km has been classified as stock of properties held for trading carried at historical cost.

"Wanhua Zijin Garden", a residential property development near Yangkou Port with a gross floor area of 65,000 sq m, is partially completed and contributes turnover amounted to $21 million (2008: Nil) during the year.

The Nantong International Trade Center, a commercial and office complex tower in the heart of Nantong City with a gross floor area of some 80,000 sq m, is expected to be completed in early 2010. Presale activities are underway and financial contribution is expected to be materialized soon after completion.

In Hangzhou, PYI holds an investment property, the Pioneer Technology Building, which is a commercial complex with gross floor area of some 20,000 sq m. The property contributes rental income of $4 million (2008: $0.5 million) and occupancy is expected to be in excess of 80% by the end of 2009.

Treasury Investment

The treasury investment business contributed about $33 million (2008: $42 million) towards operating profit for the year. Portfolio of high-yield loans receivable amounted to about $353 million (2008: $340 million), equivalent to about 3% (2008: 3%) of the total assets of the Group.

MATERIAL ACQUISITION AND DISPOSAL

The Group did not have material acquisition and disposal of subsidiaries and associates during the year.

OUTLOOK

China is maintaining moderate economic growth through the implementation of effective domestic stimulus programs on capital expenditure and internal demands. Long term sustainability would have to depend on healthy international trades and foreign investment and, more importantly, on the recovery of the global economy. It is evident that the global financial market will take quite some time to recover.

The general trading conditions along the Yangtze is improving with moderate growth in the first half of 2009. Our Yangtze Strategy will continue moving forward within the framework of the Jiangsu Coastal Region Development Plan, Yangtze Delta Development Plan and the Central and Western Regional Development Strategies. With the strengthened financial capacity, PYI is ready to deliver the strategic options on our Yangtze Strategy with a view to enhance the PYI shareholders' return.

MAJOR SUBSEQUENT EVENTS

On 2 September 2008, the Group entered into an agreement to invest about $170 million (subsequently changed to $130 million) for 51% equity interest in Yichang Port Group. On 17 April 2009, the Group paid a sum of $78 million with the remaining sum of $52 million to be payable in or before October 2009.

In June 2009, the Group acquired 25% interest in Jiangyin Sunan International Container Terminal Co. Ltd. at a consideration of RMB27.65 million (equivalent to about $31.4 million). Jiangyin Sunan operates the container terminal in Jiangyin Port.

On 30 April 2009, the Company proposed to raise about $362 million to about $431 million before expenses by way of the rights issue of not less than 3,016,787,034 rights shares and not more than 3,588,897,924 rights shares on the basis of two rights shares for every share of PYI then held (the "Rights Issue") at the subscription price of $0.12 per rights share payable in full on acceptance. The Rights Issue was approved by PYI shareholders in a special general meeting held on 9 June 2009 and 3,019,350,218 rights shares were being allotted. The net proceeds of about $350 million are intended to be used on PYI's investment in port and port-related projects and as general working capital of PYI. Details of the Rights Issue are set out in the circular and prospectus of the Company dated 22 May 2009 and 12 June 2009 respectively.

Apart from the above, there are no other major subsequent events since the balance sheet date and up to the date of the announcement.

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 expenditure. The loans of the Group bear interest at market rates and are with terms of repayment ranging from one year to ten 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 2009, the Group's total borrowings amounted to about $3,023 million (2008: $2,046 million) with $1,272 million (2008: $959 million) repayable on demand or within one year and $1,751 million (2008: $1,087 million) repayable after one year. Out of the Group's total borrowings of about $3,023 million, about $316 million was non-recourse to the Group (excluding the Paul Y. Engineering Group).

As at 31 March 2009, $476 million (2008: $337 million) of the Group's borrowings bore interest at floating rates and were denominated in Hong Kong dollars, $129 million (2008: $121 million) bore interest at fixed rates and were denominated in Hong Kong dollars, $2,267 million (2008: $1,362 million) bore interest at floating rates and were denominated in Renminbi, and $151 million (2008: $226 million) bore interest at a fixed rate and were denominated in Renminbi. The Group's gearing ratio was 0.83 (2008: 0.61), which is calculated based on the total borrowings of $3,023 million (2008: $2,046 million) and the Group's shareholders' fund of $3,647 million (2008: $3,377 million).

Cash balances at 31 March 2009 amounted to about $922 million (2008: $636 million), of which about $183 million (2008: $34 million) has been pledged to banks to secure general credit facilities granted to the Group. As at 31 March 2009, the Group has a net debt position (being cash balances net of bank borrowings) of $1,718 million (2008: $1,143 million).

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, has been used to fund construction of the 13-km Yellow Sea Crossing and the 1.4 sq km man-made island at Yangkou Port. As at 31 March 2009, the outstanding balance of the syndicated loan amounted to RMB800 million.

In April 2009, the Company proposed the Rights Issue to raise fund for investment in port and port-related projects and as general working capital. Please refer to the section headed "Major Subsequent Events" above for details.

CONTINGENT LIABILITIES

As at 31 March 2009, the Group has contingent liabilities in respect of guarantee given to a bank for banking facilities given to an associate of about $12 million (2008: $10 million) which was non-recourse to the Group (excluding the Paul Y. Engineering Group), and guarantee given to a third party of about $23 million (2008: Nil).

PLEDGE OF ASSETS

As at 31 March 2009, certain property interests, property, plant and equipment and bank balances of the Group with an aggregate value of about $1,676 million (2008: $916 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 2009, about $83 million (2008: $43 million) of these pledged assets was used to secure credit facilities which were non-recourse to the Group (excluding the Paul Y. Engineering Group).

COMMITMENTS

As at 31 March 2009, the Group has expenditure contracted for but not provided for in the consolidated financial statements in respect of acquisition of certain property interests, property, plant and equipment and non-wholly owned subsidiary in the amount of about $541 million (2008: $1,155 million).

NUMBER OF EMPLOYEES AND REMUNERATION POLICIES

Including the directors of the Group, as at 31 March 2009, the Group employed a total of 1,908 full time employees (2008: 2,054). 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 benefited the Group's staff both in Hong Kong and the Mainland China.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

During the year, neither PYI nor any of its subsidiaries purchased, sold or redeemed any of PYI's listed securities.

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 2009.

During the year, except that Mr. Ko Hiu Fung, the Company Secretary of the Company was appointed as a member of the compliance committee of the Board in October 2008, 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 64 to 83 of the PYI's annual report dated 18 July 2008. 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 2009 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 2009 as set out in the preliminary announcement have been agreed by the Group's auditor, 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 Hong Kong Institute of Certified Public Accountants, 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 the past year.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on PYI's corporate website at www.pyicorp.com under "Investor" and the HKExnews at www.hkexnews.hk under "Listed Company Information". The 2009 Annual Report will be dispatched to PYI shareholders and posted at the aforesaid websites by end of July 2009.

ANNUAL GENERAL MEETING

The 2009 Annual General Meeting of PYI is scheduled to be held on 31 August 2009. A circular containing the Notice of Annual General Meeting and information concerning, inter alia, the re-election of retiring directors, directors' remuneration, the grant of general mandates to issue new shares and repurchase shares and warrants, 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, 17 July 2009