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)

2011 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 2011.

FINANCIAL HIGHLIGHTS

	2011	Change
Turnover	$5,357 million	+26%
Gross profit	$441 million	+15%
Profit attributable to shareholders	$200 million	+34%
EPS	4.4 cents	+26%
Final DPS	1 cent	N/A
Special DPS (FY 2012)	2 cents	N/A
Interim DPS	—	N/A
Shareholders' funds	$4,501 million	+9%
NAV per share	$0.99	+9%

RESULTS

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2011

	Notes	**2011** **$'000**	2010 $'000
Turnover	*3*	**5,357,200**	4,260,421
Cost of sales		**(4,916,287)**	(3,877,311)
Gross profit		**440,913**	383,110
Other income	*4*	**52,408**	37,302
Other gains and losses	*5*	**3,682**	(38,343)
Administrative expenses		**(295,415)**	(278,518)
Distribution and selling expenses		**(91,014)**	(68,870)
Other expenses		**(14,172)**	(29,535)
Finance costs	*6*	**(86,282)**	(66,271)
Gain on fair value changes of investment properties		**316,214**	397,309
Gain on bargain purchase of subsidiaries		**—**	13,466
Share of results of associates		**136,814**	58,075
Share of results of jointly controlled entities		**2,892**	(5,241)
Profit before taxation	*7*	**466,040**	402,484
Taxation	*8*	**(166,852)**	(165,764)
Profit for the year		**299,188**	236,720
Profit for the year attributable to:			
Owners of the Company		**200,104**	149,298
Non-controlling interests		**99,084**	87,422
		299,188	236,720
Basic and diluted earnings per share	*9*	**4.4 cents**	3.5 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2011

	2011 **$'000**	2010 *$'000*
Profit for the year	**299,188**	236,720
OTHER COMPREHENSIVE INCOME		
Exchange differences arising from translation of foreign operations	**233,282**	18,686
(Loss) gain on fair value changes of available-for-sale investments	**(177)**	174
Reclassification adjustment on disposal of available-for-sale investments	**(66)**	–
Other comprehensive income for the year	**233,039**	18,860
Total comprehensive income for the year	**532,227**	255,580
Total comprehensive income for the year attributable to:		
Owners of the Company	**367,450**	164,601
Non-controlling interests	**164,777**	90,979
	532,227	255,580

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2011

	Notes	2011 $'000	2010 $'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,369,085**	2,136,213
Investment properties	*11*	**727,811**	2,577,880
Project under development		**490,121**	1,861,739
Prepaid lease payments		**312,864**	300,679
Goodwill		**61,646**	61,646
Other intangible assets		**171,990**	178,837
Interests in associates		**1,132,027**	896,775
Interests in jointly controlled entities		**4,065**	–
Available-for-sale investments		**1,270**	1,262
Loans receivable – due after one year		**—**	35,003
Other debtors – non-current portion		**196,319**	129,486
		4,467,198	8,179,520
CURRENT ASSETS			
Stock of properties	*12*	**1,098,800**	1,853,812
Prepaid lease payments		**4,229**	4,075
Inventories of finished goods		**29,240**	12,085
Loans receivable – due within one year		**113,147**	232,127
Amounts due from associates		**42,929**	26,133
Amounts due from jointly controlled entities		**22,956**	–
Amount due from a non-controlling interest		**1,188**	1,138
Amounts due from customers for contract works		**258,350**	203,794
Trade and other debtors, deposits and prepayments	*13*	**1,651,066**	2,409,614
Investments held for trading		**46,942**	44,051
Available-for-sale investments		**91**	84
Taxation recoverable		**2**	41,953
Pledged bank deposits		**83,532**	33,582
Short term bank deposits		**371,277**	350,972
Bank balances and cash		**657,799**	648,060
		4,381,548	5,861,480
Assets classified as held for sale	*14*	**6,046,209**	–
		10,427,757	5,861,480
CURRENT LIABILITIES			
Amounts due to customers for contract works		**947,938**	962,813
Trade and other creditors and accrued expenses	*15*	**1,230,931**	1,904,888
Deposits received for pre-sale properties		**237,048**	279,088
Amounts due to associates		**66,268**	42,939
Amount due to a jointly controlled entity		**45,000**	–
Amounts due to non-controlling interests		**24,276**	51,602
Amounts due to related companies		**233**	89,488
Taxation payable		**20,213**	66,421
Bank and other borrowings – due within one year		**1,255,304**	1,322,464
Convertible notes payable		**—**	138,189
		3,827,211	4,857,892
Liabilities associated with assets classified as held for sale	*14*	**3,301,463**	–
		7,128,674	4,857,892
NET CURRENT ASSETS		**3,299,083**	1,003,588
TOTAL ASSETS LESS CURRENT LIABILITIES		**7,766,281**	9,183,108

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2011

	2011 $'000	2010 $'000
NON-CURRENT LIABILITIES		
Bank and other borrowings – due after one year	**738,585**	1,465,358
Amounts due to non-controlling interests	**19,002**	20,478
Deferred tax liabilities	**484,377**	1,893,983
Deferred income	**25,181**	47,862
Other payables	**173,576**	97,937
	1,440,721	3,525,618
	6,325,560	5,657,490
CAPITAL AND RESERVES		
Share capital	**452,913**	452,913
Reserves	**4,047,700**	3,676,766
Equity attributable to owners of the Company	**4,500,613**	4,129,679
Non-controlling interests	**1,824,947**	1,527,811
TOTAL EQUITY	**6,325,560**	5,657,490

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2011

	Note	2011 $'000	2010 $'000
Net cash from operating activities		**459,877**	44,572
Net cash used in investing activities		**(639,651)**	(229,093)
Net cash from financing activities		**331,072**	443,986
Net increase in cash and cash equivalents		**151,298**	259,465
Effect of foreign exchange rate changes		**7,087**	887
Cash and cash equivalents brought forward		**999,032**	738,680
Cash and cash equivalents carried forward	*16*	**1,157,417**	999,032
Analysis of the balances of cash and cash equivalents			
Short term bank deposits		**371,277**	350,972
Bank balances and cash		**786,140**	648,060
		1,157,417	999,032

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. *Basis of preparation*

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include 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 consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments which are measured at fair values.

Adoption of new and revised HKFRSs effective in the current year

In the current year, the Group has applied new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA which are effective for the Group's financial year beginning on 1 April 2010.

Except as described below, the application of the new and revised HKFRSs in the current year has had no material effect on the amounts reported in the consolidated financial statements and/or disclosures set out in the consolidated financial statements.

Amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations (as part of Improvements to HKFRSs issued in 2009)

The amendments to HKFRS 5 clarify that the disclosure requirements in HKFRSs other than HKFRS 5 do not apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations unless those HKFRSs require (i) specific disclosures in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations, or (ii) disclosures about measurement of assets and liabilities within a disposal group that are not within the scope of the measurement requirement of HKFRS 5 and the disclosures are not already provided in the consolidated financial statements.

The application of the amendments to HKFRS 5 has no impact on the presentation and classification of the consolidated financial statements for prior years.

Hong Kong Interpretation 5 Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* ("HK Int 5") clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ("repayment on demand clause") should be classified by the borrower as current liabilities. The Group has applied HK Int 5 for the first time in the current year. HK Int 5 requires retrospective application.

In order to comply with the requirements set out in HK Int 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK Int 5, term loans with a repayment on demand clause are classified as current liabilities.

As those outstanding bank loans with a repayment on demand clause as at 31 March 2011 and 2010 are due to be settled within one year after the end of the reporting period and have been classified as current liabilities, the application of HK Int 5 has had no impact on the reported financial position and profit or loss for the current and prior years. However, such term loans are now presented in the earliest time band in the maturity analysis for financial liabilities.

2. Principal accounting policies - continued

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[5]
HKAS 24 (as revised in 2009)	Related Party Disclosures[3]
HKFRS 7 (Amendments)	Disclosures - Transfers of Financial Assets[4]
HKFRS 9	Financial Instruments[6]
HK(IFRIC) - Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[3]
HK(IFRIC) - Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

[1] Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate
[2] Effective for annual periods beginning on or after 1 July 2010
[3] Effective for annual periods beginning on or after 1 January 2011
[4] Effective for annual periods beginning on or after 1 July 2011
[5] Effective for annual periods beginning on or after 1 January 2012
[6] Effective for annual periods beginning on or after 1 January 2013

The amendments to HKAS 12 titled *Deferred Tax: Recovery of Underlying Assets* mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 *Investment Property*. Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances.

Previously, the directors of the Company has made a best estimate that half of the property interests may be realised through sale in the long term. If the presumption is not rebutted, the directors anticipate that the application of the amendments to HKAS 12 may increase the deferred tax liability as the changes in fair value of investment properties would be subject to both PRC Land Appreciation Tax ("LAT") and Enterprise Income Tax. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 9 *Financial Instruments* (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 *Financial Instruments* (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

2. Principal accounting policies - continued

New and revised HKFRSs issued but not yet effective - continued

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The directors of the Company anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for financial year ending 31 March 2014 and that the application of the new Standard may have a significant impact on measurement and classification of available-for-sale investments. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements.

3. Segment information

The operating segments of the Group, based on information reported to the Group's chief operating decision maker (the Managing Director of the Company) for the purposes of resources allocation and performance assessment. The information focuses more specifically on the strategic operation and development of each business units and its performance is evaluated through organising similar business units into an operating segment. The Group's reportable segments are as follows:

Paul Y. Engineering Group Limited and its subsidiaries ("Paul Y. Engineering Group") - The Group's subsidiary listed on the Stock Exchange and principally engaged in building construction, civil engineering, development management, project management, facilities and asset management

Ports development - Development of ports facilities and ports related properties

Ports and logistics - Operation of ports, LPG and logistics businesses

Property - Development, sale and leasing of real estate properties and formed land

Treasury - Provision of credit services and securities trading

The Managing Director of the Company assesses the performance of the operating segments based on a measure of earnings before interest expense and tax ("EBIT").

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

3. *Segment information - continued*

Segment revenues and results

The following is an analysis of the Group's revenue and results by operating segment:

For the year ended 31 March 2011

	Paul Y. Engineering Group $'000	Ports develop-ment $'000	Ports and logistics $'000	Property $'000	Treasury $'000	Segment total $'000	Elimin-ations $'000	Consolid-ated $'000
TURNOVER								
External revenue	**4,365,590**	**65,223**	**538,291**	**379,235**	**8,861**	**5,357,200**	**–**	**5,357,200**
Inter-segment revenue	**(31,799)**	**–**	**–**	**237**	**–**	**(31,562)**	**31,562**	**–**
Total	**4,333,791**	**65,223**	**538,291**	**379,472**	**8,861**	**5,325,638**	**31,562**	**5,357,200**
EBITDA*	**68,064**	**357,502**	**212,682**	**86,903**	**5,976**	**731,127**	**(9,846)**	**721,281**
Depreciation and amortisation***	**(16,330)**	**(28,131)**	**(57,728)**	**(502)**	**(3)**	**(102,694)**	**–**	**(102,694)**
Segment result - EBIT	**51,734**	**329,371**	**154,954**	**86,401**	**5,973**	**628,433**	**(9,846)**	**618,587**
Corporate and other expenses**								**(66,265)**
Finance costs								**(86,282)**
Profit before taxation								**466,040**
Taxation								**(166,852)**
Profit for the year								**299,188**

For the year ended 31 March 2010

	Paul Y. Engineering Group $'000	Ports develop-ment $'000	Ports and logistics $'000	Property $'000	Treasury $'000	Segment total $'000	Elimin-ations $'000	Consolid-ated $'000
TURNOVER								
External revenue	3,613,667	131,270	370,563	114,261	30,660	4,260,421	-	4,260,421
Inter-segment revenue	31,206	-	-	232	-	31,438	(31,438)	-
Total	3,644,873	131,270	370,563	114,493	30,660	4,291,859	(31,438)	4,260,421
EBITDA*	72,126	459,677	106,457	34,085	41	672,386	(14,143)	658,243
Depreciation and amortisation***	(10,754)	(54,805)	(39,794)	(533)	(3)	(105,889)	-	(105,889)
Segment result - EBIT	61,372	404,872	66,663	33,552	38	566,497	(14,143)	552,354
Corporate and other expenses**								(83,599)
Finance costs								(66,271)
Profit before taxation								402,484
Taxation								(165,764)
Profit for the year								236,720

* "EBITDA" is defined as earnings before interest expense, tax, depreciation and amortisation.

** Including acquisition-related costs of about $14,172,000 (2010: $22,499,000).

*** Including depreciation of property, plant and equipment and amortisation of other intangible assets.

3. *Segment information - continued*

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segment:

At 31 March 2011

	Paul Y. Engineering Group *$'000*	Ports development *$'000*	Ports and logistics *$'000*	Property *$'000*	Treasury *$'000*	Segment total *$'000*	Eliminations *$'000*	Consolidated *$'000*
ASSETS								
Segment assets	**2,771,648**	**276,131**	**3,002,888**	**2,617,633**	**164,352**	**8,832,652**	**(148,764)**	**8,683,888**
Assets classified as held for sale (note 14)	**-**	**4,950,579**	**-**	**1,095,630**	**-**	**6,046,209**	**-**	**6,046,209**
Unallocated assets								**164,858**
Consolidated total assets								**14,894,955**
LIABILITIES								
Segment liabilities	**2,167,327**	**146,320**	**1,332,870**	**1,179,544**	**84,003**	**4,910,064**	**(111,184)**	**4,798,880**
Liabilities associated with assets classified as held for sale (note 14)	**-**	**3,093,302**	**-**	**208,161**	**-**	**3,301,463**	**-**	**3,301,463**
Unallocated liabilities								**469,052**
Consolidated total liabilities								**8,569,395**

At 31 March 2010

	Paul Y. Engineering Group *$'000*	Ports development *$'000*	Ports and logistics *$'000*	Property *$'000*	Treasury *$'000*	Segment total *$'000*	Eliminations *$'000*	Consolidated *$'000*
ASSETS								
Segment assets	2,548,890	5,528,722	2,861,514	2,664,253	242,367	13,845,746	(153,811)	13,691,935
Unallocated assets								349,065
Consolidated total assets								14,041,000
LIABILITIES								
Segment liabilities	1,959,477	3,878,275	1,382,613	1,137,848	129,175	8,487,388	(128,762)	8,358,626
Unallocated liabilities								24,884
Consolidated total liabilities								8,383,510

Segment assets and liabilities comprise assets and liabilities of the operating subsidiaries that engaged in different businesses. Accordingly, segment assets exclude corporate assets which are mainly bank balances and cash and other receivables, and segment liabilities exclude corporate liabilities which are mainly other payables.

3. Segment information - continued

Geographical information

The Group’s operations are mainly located in Hong Kong, Macau and the PRC other than Hong Kong and Macau.

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

	2011 **$’000**	2010 $’000
Hong Kong	**4,094,304**	3,342,236
The PRC other than Hong Kong and Macau	**1,149,299**	805,828
Macau and others	**113,597**	112,357
	5,357,200	4,260,421

4. Other income

Other income includes:

	2011 **$’000**	2010 $’000
Rental income from short leasing of stock of properties	**30,417**	14,881
Interest income	**7,762**	4,278
Imputed interest income on receivables	**1,235**	51
Write-back of aged payables	**7,804**	–
Recovery of withholding tax paid in connection with a former investment	—	15,243

5. Other gains and losses

	2011 **$’000**	2010 $’000
Change in fair value of investments held for trading	**(2,581)**	14,123
Gain on disposal of a subsidiary	—	185
Loss on deregistration of a subsidiary	—	(5)
Loss on disposal of property, plant and equipment	**(257)**	(1,077)
Gain on disposal of prepaid lease payments and related other intangible assets	**4,104**	–
Gain on disposal of available-for-sale investments	**47**	–
Impairment loss recognised in respect of goodwill	**(74)**	(2,692)
Impairment loss on an available-for-sale investment	—	(37,190)
Impairment loss recovered (recognised) on receivables	**2,443**	(11,687)
	3,682	(38,343)

6. *Finance costs*

	2011 **$'000**	2010 $'000
Borrowing costs on:		
Bank borrowings wholly repayable within five years	**132,280**	158,865
Bank borrowings not wholly repayable within five years	**16,513**	5,958
Amounts due to non-controlling interests wholly repayable within five years	**571**	2,707
Amounts due to non-controlling interests not wholly repayable within five years	**224**	74
Imputed interest expense on other payables	**2,678**	–
Effective interest on convertible notes wholly repayable within five years	**549**	9,121
Other borrowings wholly repayable within five years	**15,106**	15,093
	167,921	191,818
Less: Amount capitalised in respect of contracts in progress	**(207)**	(848)
Amount capitalised in respect of project under development	**(38,221)**	(88,130)
Amount capitalised in respect of ports under construction included in property, plant and equipment	**(21,286)**	(9,760)
Amount capitalised in respect of stock of properties	**(21,925)**	(26,809)
	86,282	66,271

The capitalised borrowing costs represent borrowing costs incurred by the entities on borrowings whose funds were specifically invested in the project and properties during the year.

7. *Profit before taxation*

	2011 **$'000**	2010 $'000
Profit before taxation has been arrived at after charging (crediting):		
Amortisation of intangible assets (included in distribution and selling expenses and administrative expenses)	**12,787**	2,302
Cost of construction works recognised as an expense	**4,173,286**	3,420,857
Cost of inventories recognised as an expense	**565,480**	339,318
Depreciation of property, plant and equipment		
Amount provided for the year	**94,804**	108,625
Less: Amount capitalised in respect of contracts in progress	**(1,414)**	(1,658)
Amount capitalised in respect of project under development	**(449)**	(973)
Amount capitalised in respect of ports under construction included in property, plant and equipment	**(509)**	(86)
Amount capitalised in respect of stock of properties	**(2,525)**	(2,321)
	89,907	103,587
Release of prepaid lease payments	**4,124**	2,960
Total interest income (included in turnover and other income)	**(17,858)**	(34,989)

8. *Taxation*

	2011 **$'000**	2010 $'000
The charge comprises:		
Hong Kong Profits Tax:		
Underprovision in prior years	**2**	–
Taxation arising in jurisdictions outside Hong Kong:		
Current year	**44,341**	21,499
Under(over)provisions in prior years	**6,313**	(39,457)
	50,654	(17,958)
Deferred taxation		
LAT	**55,793**	112,711
Others	**60,403**	71,011
	116,196	183,722
Taxation attributable to the Company and its subsidiaries	**166,852**	165,764

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate is 25% for the Group's subsidiaries in the PRC from 1 January 2008 onwards. Pursuant to the relevant laws and regulations in the PRC, a PRC subsidiary of the Group was exempted from PRC income tax for the first two years starting from 1 January 2008, followed by a 50% reduction for the next three years.

However, during the year ended 31 March 2011, the above PRC subsidiary obtained further confirmation from the PRC tax authority in respect of the change of tax exemption period. The two years tax exemption period started from 1 January 2006 instead of 1 January 2008, and the 50% reduction period was changed from 1 January 2008 to 31 December 2010 instead of from 1 January 2010 to 31 December 2012. An underprovision in income tax has been charged to the consolidated income statement for the year ended 31 March 2011.

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

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 1 January 1994 as well, 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 as calculated according to the Provisional Regulations of the PRC on LAT and its Detailed Implementation Rules.

During the year ended 31 March 2010, the overprovision in respect of prior years represented the balance of overseas income tax withheld in relation to disposal of a former investment which was charged to profit or loss in prior years. Clearance of tax liabilities arising from the disposal had been received and the balance had been recovered in April 2010.

9. *Basic and diluted earnings per share*

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2011 ***$'000***	2010 *$'000*
Profit for the year attributable to owners of the Company for the purposes of basic and diluted earnings per share	**200,104**	149,298

	2011 **Number of shares**	2010 Number of shares
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**4,529,125,134**	4,258,329,067

The computation of diluted earnings per share does not assume the exercise of the Company's options because the exercise price of those options was higher than the average market price of the Company's shares for both years.

The computation of diluted earnings per share does not assume the conversion of the Company's outstanding convertible loan notes since their exercise would result in an increase in profit per share for both years.

The weighted average number of ordinary shares for the calculation of basic and diluted earnings per share for the year ended 31 March 2010 had been adjusted for the bonus elements of the rights issue of the Company completed in July 2009.

10. *Distribution*

The final dividend of HK1 cent per share (2010: Nil) proposed by the board of directors in respect of the year ended 31 March 2011 amounting to about $45,291,000 (2010: Nil), which will be in form of cash with a scrip option, has been calculated by reference to the 4,529,125,134 issued shares as at the date of this announcement.

On 24 June 2011, the board of directors resolved to recommend the payment of a special cash dividend of HK2 cents (2010: Nil) per share. The amount of the special cash dividend of about $90,582,000 (2010: Nil) so proposed was calculated by reference to the 4,529,125,134 issued shares as at the date of this announcement.

11. *Investment properties*

	2011 **$'000**	2010 $'000
Investment properties, completed (note a)	**2,768,951**	2,577,880
Land under development (note b)	**352,732**	–
	3,121,683	2,577,880
Less : classified as held for sale (note 14)	**(2,393,872)**	–
	727,811	2,577,880

Notes:

a. Investment properties, completed, include formed land held for future use as investment property amounting to $2,509,215,000 (2010: $2,387,941,000). As at 31 March 2011, the Group completed the reclamation of certain sea area and obtained the certificate of completion of land reclamation (the "Certificate") issued by qualified project engineering and construction manager in respect of certain land area (the "Formed Land") in Jiangsu Province, the PRC. Upon obtaining the Certificate, such Formed Land has been recognised as land held under operating lease and classified and accounted for as investment properties as the Formed Land is held for capital appreciation purpose. The relevant costs, which include the cost of sea use rights, development expenditure, borrowing costs capitalised and other directly attributable expenses, amounting to about $16,732,000 (2010: $105,086,000), have been transferred from project under development to investment properties.

b. As at 31 March 2011, in connection with the reclamation of certain sea area in Jiangsu Province, the PRC, the Group commenced, but not yet completed, the land leveling process (mainly representing the sand filling work to achieve leveling of the area) (the "Land Being Formed"). Upon the commencement of land leveling process, such Land Being Formed has been recognised as land being developed for future use as investment property and classified and accounted for as investment properties. The relevant costs, which include the cost of sea use rights, development expenditure, borrowing costs capitalised and other directly attributable expenses, amounting to about $94,959,000 (2010: Nil), have been transferred from project under development to investment properties.

The fair value of the Group's investment properties at 31 March 2011 and 31 March 2010 has been arrived at on the basis of a valuation carried out as at that date by Asset Appraisal Limited, an independent qualified professional valuer not connected with the Group. In determining the fair value for completed investment properties including Formed Land held for future use as investment property, the comparison method is adopted under which comparison based on 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 valuation also takes into account the further increment arising from the approval obtained from the respective government authority during the year ended 31 March 2010 for certain portion of the Formed Land to be used for specified purposes. In determining the fair value of land under development, the same comparison method is adopted and valuation has been allowed for further costs to be expended for the development of the Land Being Formed into Formed Land. The total gain on fair value changes of Formed Land where land leveling process was completed as at 31 March 2011 and Land Being Formed amounting to about $45,611,000 (2010: $382,099,000) and about $241,396,000 (2010: Nil) respectively, has been recognised in the consolidated income statement for the current year.

11. Investment properties - continued

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 the end of the reporting period. For Formed Land and Land Being Formed 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 and Land Being Formed 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.

As at 31 March 2011, the balance of investment properties included Formed Land of about $2,509,215,000 (2010: $2,387,941,000). The Group has to obtain certain appropriate certificates for the disposal of the Formed Land. Based on past experience, the directors of the Company consider that there is no material impediment to obtain these certificates for the Group.

12. Stock of properties

	2011	2010
	$'000	*$'000*
Properties under development for sale	**946,951**	758,776
Properties held for sale	**1,247,478**	1,095,036
	2,194,429	1,853,812
Less : classified as held for sale (note 14)	**(1,095,629)**	–
	1,098,800	1,853,812

Land Being Formed which are developed for future sale are recognised as properties under development for sale in stock of properties upon the commencement of the land leveling process. The Group has transferred the relevant costs, which included the cost of sea use rights, development expenditure, borrowing costs capitalised and other directly attributable costs, amounting to about $357,469,000 (2010: $879,987,000) from project under development to stock of properties during the year ended 31 March 2011.

At 31 March 2011, the balance of properties held for sale included Formed Land of about $1,079,158,000 (2010: $1,018,052,000) and the balance of properties under development for sale included Land Being Formed of about $410,620,000 (2010: Nil). The Group has to obtain certain appropriate certificates for the disposal of the Formed Land. Based on past experience, the directors of the Company consider that there is no material impediment to obtain these certificates for the Group.

At 31 March 2011, stock of properties includes an amount of about $189,328,000 (2010: $1,295,818,000) which is expected to be realised after more than twelve months from the end of the reporting period.

13. Trade and other debtors, deposits and prepayments

The Group's credit terms for the Paul Y. Engineering Group segment are negotiated at terms determined and agreed with its customers. Credit terms for ports development segment are negotiated at specific terms with customers or in connection with the completion of underlying construction work. Credit terms for customers of ports and logistics segment normally range from 30 days to 90 days. Rental income for property business is receivable 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 $672,365,000 (2010: $809,748,000) (including trade debtors classified as held for sale of about $61,998,000 (2010: Nil)). The Group does not hold any collateral over these balances. Their aged analysis, including those reclassified as held for sale, net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period is as follows:

	2011 **$'000**	2010 $'000
Within 90 days	**519,179**	584,261
More than 90 days and within 180 days	**27,587**	68,901
More than 180 days	**125,599**	156,586
	672,365	809,748

14. Assets classified as held for sale

On 31 January 2011, a subsidiary of the Company which holds 60% equity interest in Jiangsu YangKou Port Development and Investment Co., Ltd. ("Yangkou Port Co"), which is engaged in the business of development in port and related infrastructures, entered into a conditional agreement with a non-controlling shareholder of Yangkou Port Co to dispose of 50.1% of its equity interest in Yangkou Port Co for a consideration of about RMB1,507 million (equivalent to about $1,790 million). The disposal was completed on 26 May 2011 and Yangkou Port Co ceased to be a subsidiary of the Company. The major classes of assets and liabilities of Yangkou Port Co after elimination of inter-company balances at the end of the reporting period are as follows：

	$'000
Property, plant and equipment	**1,076,274**
Investment properties	**2,393,872**
Project under development	**1,131,691**
Stock of properties	**1,095,629**
Trade and other debtors, deposits and prepayments	**220,402**
Bank balances and cash	**128,341**
Assets classified as held for sale	**6,046,209**
Trade and other creditors and accrued expenses	**291,610**
Amount due to an associate	**34,074**
Amount due to a related company	**7,380**
Taxation payable	**74,107**
Bank and other borrowings	**1,282,660**
Deferred tax liabilities	**1,611,632**
Liabilities associated with assets classified as held for sale	**3,301,463**

15. *Trade and other creditors and accrued expenses*

Included in trade and other creditors and accrued expenses are trade creditors of about $468,532,000 (2010: $390,173,000) and their aged analysis at the end of the reporting period is as follows:

	2011 **$'000**	2010 $'000
Within 90 days	**396,464**	350,107
More than 90 days and within 180 days	**11,566**	7,384
More than 180 days	**60,502**	32,682
	468,532	390,173

16. *Cash and cash equivalents*

Cash and cash equivalents at the end of the reporting period as shown in the condensed consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	2011 **$'000**	2010 $'000
Short term bank deposits	**371,277**	350,972
Bank balances and cash	**657,799**	648,060
	1,029,076	999,032
Cash and bank balances classified as held for sale (note 14)	**128,341**	–
	1,157,417	999,032

FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK1 cent per share for the year ended 31 March 2011 (2010: Nil) to shareholders whose names appear on PYI's register of members as at the close of business on Wednesday, 28 September 2011. Subject to the approval of PYI shareholders in the 2011 Annual General Meeting to be held on Friday, 16 September 2011, the final dividend in cash is expected to be paid to shareholders by post on or around Friday, 28 October 2011, with PYI shareholders being offered an opportunity to re-invest in PYI by receiving PYI shares in lieu of cash in respect of part or all of such dividend. The market value of the shares to be issued under the proposal will be fixed by reference to the average of the closing prices of PYI shares for the three consecutive trading days ending Wednesday, 28 September 2011 less a discount of five per cent. of such average price or the par value of shares, whichever is the higher. The proposed scrip dividend is conditional upon The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting listing of, and permission to deal in, the new shares to be issued.

A circular giving full details of the cash dividend with scrip proposal and a form of election will be sent to PYI shareholders in due course.

SPECIAL DIVIDEND

Following the completion of the disposal of 50.1% interest in Yangkou Port Co in May 2011 and taken into account of the gross proceeds of the 50% consideration, PYI has returned to a net cash position. The Board has resolved to recommend the payment of a special cash dividend of HK2 cents per share and, together with the final dividend, making up a total of HK3 cents per share, to shareholders whose names appear on PYI's register of members as at the close of business on Wednesday, 28 September 2011.

The special dividend is also subject to the approval of PYI shareholders in the 2011 Annual General Meeting to be held on Friday, 16 September 2011, and is also expected to be paid to shareholders by post on or around Friday, 28 October 2011. The Board will further consider additional capital return to and/or shares repurchased from the PYI shareholders in the second half of the financial year ending 31 March 2012.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of PYI will be closed during the period from Monday, 26 September 2011 to Wednesday, 28 September 2011, both dates inclusive, during which period no transfer of share(s) of PYI will be effected. In order to qualify for both of the final dividend and the special dividend, all transfer of share(s), accompanied by the relevant share certificate(s) with the completed transfer form(s) with overleaf or separately, must be lodged with PYI's branch share registrar in Hong Kong, Tricor Secretaries Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:00 p.m. on Friday, 23 September 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF FINANCIAL PERFORMANCE AND POSITION

For the year ended 31 March 2011, the Group recorded a consolidated turnover of about $5,357 million (2010: $4,260 million), representing an increase of about 26% when compared with last year. The increase was mainly attributable to the increase in turnover of the Group's engineering arm - Paul Y. Engineering and its subsidiaries (the "Paul Y. Engineering Group").

The Group's gross profit increased by 15% to about $441 million (2010: $383 million) as compared with the last year. Such gross profit represented a gross margin of 8% (2010: 9%) of the consolidated turnover. The Group's administrative expenses increased by 6% to about $295 million (2010: $279 million), which was mainly attributable to about $36 million (2010: $14 million) administrative expenses from Yichang Port Group acquired in November 2009. Profit before taxation of about $466 million was achieved as compared with about $402 million for the last year. The Group's profit before taxation was composed of:

(i) net gain of about $52 million in Paul Y. Engineering Group engaged in management contracting and property development management businesses (2010: $61 million);
(ii) net gain of about $329 million in ports development business (2010: $405 million);
(iii) net gain of about $155 million in ports and logistics business (2010: $67 million);
(iv) net gain of about $86 million in property business (2010: $34 million);
(v) net gain of about $6 million in treasury business (2010: $38,000);
(vi) net corporate and other expenses (including inter-segment profit eliminations) of about $76 million (2010: $99 million) of which about $14 million was acquisition-related costs (2010: $22 million); and
(vii) finance costs of about $86 million (2010: $66 million).

Net profit for the year attributable to the owners of PYI was about $200 million (2010: $149 million) and basic earnings per share was 4.4 cents (2010: 3.5 cents). The improved net profit was mainly attributable to the contribution from Jiangyin Sunan of about $90 million (2010: Nil) resulting from the Group's bargain purchase for its additional 15% interest from 25% to 40% and continuous cost control measures during the year.

When compared with the Group's financial position as at last year end, total assets increased by 6% to about $14,895 million (2010: $14,041 million) and net current assets increased by 229% to about $3,299 million (2010: $1,004 million). The changes were mainly attributable to the fair value appreciation of investment properties and the classification of assets of Jiangsu YangKou Port Development and Investment Co., Ltd. ("Yangkou Port Co") as assets held for sale, respectively. Consequently, current assets increased from 1.21 times to 1.46 times of current liabilities. After accounting for the net profit of about $200 million and surplus arising from RMB exchange translation of about $168 million, equity attributable to owners of PYI increased by 9% to about $4,501 million (2010: $4,130 million), representing $0.99 (2010: $0.91) per share as at 31 March 2011.

Net cash inflow from operating activities was about $460 million (2010: $44 million) and that from financing activities was about $331 million (2010: $444 million). Net cash outflow from investing activities was about $640 million (2010: $229 million), resulting in a net increase in available cash and cash equivalents of about $151 million (2010: $259 million) for the year.

REVIEW OF OPERATIONS

Ports Development

Yangkou Port (60% owned)

Yangkou Port contributed about $329 million (2010: $405 million) to the Group's operating profit for the year. The profit was mainly attributable to the gain on revaluation of about $283 million (2010: $325 million) from about 6.3 sq km (2010: 5.2 sq km) land bank situated at the harbour-front industrial zone of Yangkou Port, and the income from usage and management of infrastructure facilities in Yangkou Port. Deferred tax of about $124 million (2010: $155 million) relevant to the revaluation gain was charged to the income statement.

As at 31 March 2011, out of the about 30 sq km land bank at the harbour-front industrial zone, land leveling work on about 5.4 sq km (2010: Nil) had commenced while about 7.9 sq km (2010: 7.9 sq km) had already reached the formed and serviced stage. Also, about 1.1 sq km (2010: 1.1 sq km) land bank at the Sun Island of Yangkou Port had reached the formed and serviced stage. As at 31 March 2011, about 6.4 sq km (2010: 5.3 sq km) of the parcel of Formed Land or Land Being Formed have been classified as investment properties of the ports development business and measured at fair value of about $2,394 million (2010: $1,926 million). The remaining 8.0 sq km (2010: 3.7 sq km) of the Formed Land or Land Being Formed has been classified as stock of properties under the property business.

Embankment works for the reclamation of about 4.6 sq km out of the final 16.7 sq km harbour-front industrial land bank has been completed during the year. Highways, railway, canal and other connecting infrastructure and utility associated with Yangkou Port were being developed by other parties.

In order to keep in line with the PRC government plans and policies and to meet market demand, Yangkou Port is entering a stage of accelerated development. As such, extensive funding is required for the financing of the ongoing capital expenditure program. It was envisaged by the PYI directors that earnings and cash flow in Yangkou Port Co is unlikely to be channeled to PYI and the PYI Shareholders in the short or medium term. Therefore, on 31 January 2011, the Group entered into a conditional agreement to dispose of 50.1% of its equity interest in Yangkou Port Co at a consideration of RMB1,507 million. The disposal was completed on 26 May 2011 and the Group received net cash amount of RMB647 million (being 50% of the consideration of RMB753.5 million after deduction of PRC tax and levy in the sum of RMB106.5 million). The remaining 50% of the consideration of RMB753.5 million will be satisfied by instalments, namely, RMB150.7 million, RMB301.4 million and RMB301.4 million to be paid on or before 31 December 2011, 2012 and 2013, respectively. The deferred consideration bears interest equivalent to the Standard Lending Rate announced by the People's Bank of China and is secured by a charge on the 50.1% sale interest. The directors consider the disposal a good opportunity for PYI to further crystallise its investment value in Yangkou Port Co, to realise the accumulated unrealised profit arising from gain on revaluation of land in cash and to focus its resources in the operation and development of other ports and port-related business along the Yangtze River in the future. PYI will continue to enjoy the future growth of Yangkou Port through the remaining 9.9% equity interest, which is intended to be held for long term investment purpose.

Ports and Logistics

PYI achieved satisfactory progress in implementing its Yangtze Strategy during the year. The Group's network of cargo ports was strengthened and generating synergy value.

Nantong Port Group (45% owned)

Nantong Port Group contributed about $50 million (2010: $59 million) to the Group's operating profit for the year. Its net profit amounted to about $111 million (2010: $131 million) for the year ended 31 December 2010, which was affected by the increasing operating and financing costs.

Nantong Port is a major river port in the Yangtze Delta, one of China's category-one national ports opened to foreign trade and an important hub port of the country. The main cargoes handled by Nantong Port Group are iron ore, minerals, cement, steel, coal, fertilizers, grains and edible oil. Nantong Port provides easy access to the Yangtze region by road and waterway and is an ideal hub port for cargo trans-shipment.

Annual cargo throughput of Nantong Port Group reached about 55 million tonnes in both 2009 and 2010, while the container throughput in 2010 increased by 14% to 392,000 TEUs (2009: 345,000 TEUs).

Yichang Port Group (51% owned)

Yichang Port Group contributed about $21 million (2010: operating profit of $12 million and gain on bargain purchase of $13 million) to the Group's operating profit for the year.

Yichang Port Group is principally engaged in transport logistics and properties investments, providing transportation, cargo loading and discharging, storage, shipping agent, cargo agent, port logistics and port equipment rental services in Yichang Port, which is situated on the Yangtze River near the Three Gorges Dam in Yichang, Hubei.

Annual cargo throughput of Yichang Port Group for the year ended 31 March 2011 increased by 8% to about 7.9 million tonnes (2010: 7.3 million tonnes). Its annual container throughput slightly dropped by 2% to 52,000 TEUs (2010: 53,000 TEUs).

Jiangyin Sunan Container Terminal (40% owned)

Jiangyin Sunan contributed about $94 million (2010: $1 million) to the Group's operating profit for the year, about $90 million (2010: Nil) of which was resulted from the Group's bargain purchase of additional 15% interest in Jiangyin Sunan during the year.

In July 2010, the Group further contributed about RMB134.8 million (equivalent to about $154.7 million) to the enlarged registered capital of Jiangyin Sunan to increase its equity interest held from 25% to 40%.

Jiangyin Sunan is principally engaged in containers loading and unloading, storage, maintenance, washing and leasing of containers. The container terminal operated by Jiangyin Sunan is the only container terminal in Jiangyin. Its annual container throughput in 2010 increased by 11% to 554,000 TEUs (2009: 500,000 TEUs).

LPG and Logistics (100% owned)

The LPG business of Minsheng Gas recorded an operating loss of about $10 million (2010: $18 million) for the year. Since the second half of last financial year, Minsheng Gas had maintained a competitive price strategy to capture a larger share of automotive LPG market in Wuhan, which led to margin erosion during the first quarter of the financial year. Following the announcement of price uplift for CNG by National Development and Reform Commission in June 2010, selling margin of LPG returned to a healthy level from July 2010 and the performance of the LPG business is expected to be further improved.

Engineering Business – Paul Y. Engineering (62% owned)

Paul Y. Engineering Group achieved turnover of $4,334 million (2010: $3,645 million) during the year, representing an increase of about 19% as compared with the last year. It contributed about $52 million (2010: $61 million) to the Group's operating profit during the year and proposed a final dividend of HK1 cent (2010: HK1.6 cents) per share, or a pay-out ratio of 20% (2010: 22%). Margin was eroded by surging labour and material cost.

During the year, the management contracting division of Paul Y. Engineering Group secured new contracts totaling $4,669 million (2010: $4,481 million) in aggregate value. Subsequent to the end of the reporting period, additional contracts of about $1,656 million was secured. As at 31 March 2011, the total value of contracts on hand of Paul Y. Engineering Group was about $10,406 million (2010: $10,006 million).

Paul Y. Engineering Group has taken a proactive approach in tapping opportunities in the market while managing risks through joint ventures with other contractors in major infrastructure projects and enhancement of operation efficiency. More emphasis will be put in the Mainland and Macau market, and will strive for growth but remains vigilant for any adverse effects on the profit margin arising from drastic fluctuation of exchange rates, labour and material costs. With its solid foundation and professional experience, the future business growth and prospect remains optimistic.

Property

The property business contributed about $86 million (2010: $34 million) to the Group's operating profit for the year. The profit was mainly attributable to contribution from sale of units in Nantong International Trade Center and Wanhua Zijin Garden of about $38 million (2010: loss of $8 million) and $18 million (2010: Nil), respectively, as well as the gain on revaluation of investment properties located at Yichang of about $19 million (2010: $41 million from about 2 sq km Formed Land situated at Xiao Yangkou). Deferred tax of about $5 million (2010: $19 million) relevant to the revaluation gain was charged to the income statement.

As at 31 March 2011, about 2 sq km (2010: 2 sq km) of the 12 sq km land bank situated at Xiao Yangkou have reached the formed and serviced stage. About 1.9 sq km of the Formed Land at Xiao Yangkou were classified as investment properties and measured at fair value of about $468 million (2010: $462 million), whereas the remaining 0.1 sq km Formed Land at Xiao Yangkou was classified as trading stock. As at 31 March 2011, about 2.7 sq km (2010: 2.7 sq km) Formed Land and about 4.3 sq km (2010: Nil) Land Being Formed situated at the harbour-front industrial zone of Yangkou Port, as well as about 1 sq km (2010: 1 sq km) Formed Land situated at the Sun Island of Yangkou Port were held as trading stock.

Wanhua Zijin Garden, a residential property development near Yangkou Port with a gross floor area of 65,000 sq m, was completed and contributed turnover of about $156 million (2010: $108 million) during the year. A cumulative area of about 53,000 sq m with a total contract value of about RMB302 million has been sold or pre-sold up to 31 March 2011, representing about 90% of its total saleable area.

Nantong International Trade Center is a commercial and office development in the heart of Nantong with a gross floor area of some 80,000 sq m. The office tower was completed in October 2010 and contributed turnover of about $212 million (2010: Nil) during the year. The commercial podium is scheduled for completion by end of 2011. A cumulative area of about 36,000 sq m with a total contract value of about RMB400 million has been sold or pre-sold up to 31 March 2011, representing about 57% of its total saleable area.

In Hangzhou, the Group holds an investment property, the Pioneer Technology Building, which is an office building with gross floor area of some 20,000 sq m. The building contributed rental income of about $8 million (2010: $6 million) and its occupancy was about 95% as at 31 March 2011.

In Yichang, certain new commercial properties of about 5,000 sq m were acquired through Yichang Port Group during the year. Total rental income contributed from the Yichang investment properties amounted to about $3 million (2010: $1 million).

Treasury
The treasury investments contributed about $6 million (2010: $38,000) towards the Group's operating profit for the year. During the year, the trading securities recorded a fair value loss of about $3 million (2010: gain of $14 million) and the high-yield loans interest income of about $9 million (2010: $31 million) contributed to keep the segment profitable. As at 31 March 2011, total value of the Group's portfolio of trading securities amounted to about $47 million (2010: $44 million), equivalent to about 0.3% (2010: 0.3%) of the Group's total assets. Portfolio of high-yield loans receivable amounted to about $113 million (2010: $267 million), equivalent to about 1% (2010: 2%) of the Group's total assets.

MATERIAL ACQUISITION AND DISPOSAL
During the year, the Group acquired an additional 15% equity interest in Jiangyin Sunan from 25% to 40% through contribution of about RMB134.8 million (equivalent to about $154.7 million) to its enlarged registered capital.

Apart from the above, there are no other material acquisition and disposal of subsidiaries and associates during the year.

EVENT AFTER THE REPORTING PERIOD
In May 2011, the Group completed the disposal of 50.1% equity interest in Yangkou Port Co to a shareholder of Yangkou Port Co at a consideration of RMB1,507 million. Yangkou Port Co ceased to be a subsidiary of PYI and its financial result will be deconsolidated from the Group.

Apart from the above, there are no other major subsequent events since the end of the reporting period and up to the date of this announcement.

OUTLOOK
Confronted by the existence of market uncertainties, the global economy recovered at a slow pace. Developed economies experience sluggish recovery while emerging economies face with inflationary pressure. However, as the world's second largest economy, China continued to surge forward and to drive the global recovery. The tightening measures taken by the Central Government aim at containing the overheated economy and maintain the sustainable and stable development.

2011 is the first year of the Twelfth Five-year Plan of China. During the Twelfth Five-year Plan period, the Central Government accelerates the water transport development of coastal ports and inland waterways, especially the Yangtze River aiming to construct an efficient integrated transport system. The rapid development of cities in Western and Central China continues boosting the transportation via inland waterways. That makes the prospects of the bulk cargo ports and logistics along the Yangtze River remain optimistic. With the strengthened financial capacity, PYI is poised to capture new growth and to enhance shareholders' value through effective implementation measures on our Yangtze Strategy.

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 have terms of repayment ranging from on demand to ten years. In an effort to minimise 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 2011, the Group's total borrowings (including amounts reclassified as held for sale of about $1,283 million) amounted to about $3,298 million (2010: $3,049 million) with about $1,667 million (including about $410 million reclassified as held for sale) (2010: $1,563 million) repayable on demand or within one year and about $1,631 million (including about $873 million reclassified as held for sale) (2010: $1,486 million) repayable after one year. Out of the Group's total borrowings of about $3,298 million (2010: $3,049 million), about $254 million (2010: $322 million) was non-recourse to the Group (excluding the Paul Y. Engineering Group).

As at 31 March 2011, borrowings denominated in Hong Kong dollars with about $583 million (2010: $461 million) bore interest at floating rates and about $2 million (2010: $144 million) bore interest at fixed rates. Borrowing denominated in Renminbi with about $2,543 million (including about $1,283 million reclassified as held for sale) (2010: $2,161 million) bore interest at floating rates and about $170 million (2010: $283 million) bore interest at fixed rates. The Group's gearing ratio was 0.73 (2010: 0.74), which was calculated based on the total borrowings of about $3,298 million (2010: $3,049 million) and the Group's shareholders' fund of about $4,501 million (2010: $4,130 million).

Cash balance as at 31 March 2011 amounted to about $1,241 million (including about $128 million reclassified as held for sale) (2010: $1,033 million), of which about $84 million (2010: $34 million) had been pledged to banks to secure general credit facilities granted to the Group. As at 31 March 2011, the Group had a net debt position (being cash balances net of bank borrowings including amounts reclassified as held for sale) of about $1,821 million (2010: $1,453 million).

In July 2007, the Group, through Yangkou Port Co, 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 2011, the outstanding balance of the syndicated loan amounted to RMB475 million (2010: RMB600 million).

CONTINGENT LIABILITIES

As at 31 March 2011, the Group had contingent liabilities in respect of guarantees given to banks for banking facilities given to third parties of about $65 million (2010: $46 million) and for banking facilities given to associates and jointly controlled entities of about $37 million (2010: Nil).

PLEDGE OF ASSETS

As at 31 March 2011, certain property interests, property, plant and equipment, inventories, trade receivables and bank balances of the Group with an aggregate value of about $2,093 million (2010: $1,980 million), as well as the Company's investment in certain subsidiaries of about $140 million (2010: Nil) and the Group's benefits over certain construction contracts were pledged to banks and financial institutions to secure general credit facilities granted to the Group. As at 31 March 2011, about $110 million (2010: $48 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 2011, the Group had expenditure contracted for but not provided for in the consolidated financial statements in respect of acquisition of certain property, plant and equipment and project under development in the amount of about $190 million (2010: $97 million).

NUMBER OF EMPLOYEES AND REMUNERATION POLICY

Including the directors of the Group, as at 31 March 2011, the Group employed a total of 3,296 full time employees (2010: 3,190). Remuneration packages consisted of salary as well as performance-based and equity-based bonuses. Further, the Company 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.

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

In the corporate governance report, which was published in PYI's 2010 annual report (the "2010 Annual Report") (which can be viewed on PYI website), we reported that PYI has applied the principles and complied with all applicable code provisions of the Code on Corporate Governance Practices in Appendix 14 to the Listing Rules ("CG Code"), and adopted some of the recommended best practices for the year ended 31 March 2010. Throughout the year ended 31 March 2011, PYI continued to comply with CG Code and adopt some of the recommended best practices.

During the year ended 31 March 2011, except that Mr. Chan Yiu Lun, Alan was appointed alternate director to Dr. Chan Kwok Keung, Charles with effect from 19 July 2010, the functions and composition of the Board and all Board committees of PYI remained the same as those set out in the corporate governance report on pages 50 to 69 of the 2010 Annual Report.

Except the fact that Dr. Chow Ming Kuen, Joseph, our Chairman, has resigned as a non-executive director of Wheelock Properties Limited (former stock code: 0049), a company whose shares were withdrawn from listing on the Stock Exchange on 22 July 2010, with effect from 1 August 2010; Mr. Lau Ko Yuen, Tom, our Deputy Chairman and Managing Director, had been re-designated as Deputy Chairman and a non-executive director of Prosperity Investment Holdings Limited (stock code: 0310), a company whose shares are listed on the main board of the Stock Exchange, with effect from 5 August 2010; and Dr. Chan Kwok Keung, Charles, our non-executive director, were appointed as a non-executive director of Television Broadcasts Limited (stock code: 0511), a company whose shares are listed on the main board of the Stock Exchange, on 1 April 2011, there were no material changes to the information of directors of PYI as disclosed on pages 36 to 40 of the 2010 Annual Report.

During the year ended 31 March 2011, the Board of PYI continued its progressive effort 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.

During the year ended 31 March 2011, PYI has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code for dealing in the securities of PYI by the PYI directors. According to specific enquiries made by PYI, all PYI directors have confirmed their compliance with the required standard set out in the Model Code throughout the year.

PYI directors have complied with the requirement of Securities and Futures Ordinance regarding disclosure of their respective interests in PYI and its associated corporations during the year ended 31 March 2011.

REVIEW OF ACCOUNTS

The Group's results for the year ended 31 March 2011 have been reviewed by the audit committee of PYI.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, condensed consolidated statement of cash flows and the related notes thereto for the year ended 31 March 2011 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 "Investors" and the HKExnews at www.hkexnews.hk under "Latest Listed Company Information". The 2011 Annual Report will be dispatched to PYI shareholders and posted at the aforesaid websites in July 2011.

ANNUAL GENERAL MEETING

The 2011 Annual General Meeting of PYI is scheduled to be held on Friday, 16 September 2011. 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 the refreshment of the 10% scheme limit under the share option scheme of Paul Y. Engineering Group Limited, will be dispatched to PYI shareholders in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the composition of the Board of PYI 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 *(with Mr. Chan Yiu Lun, Alan as alternate)*	:	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, 24 June 2011