PYI Corporation Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 498)

(Unless otherwise specified, "$" in this announcement shall mean Hong Kong dollar and "cent(s)" shall mean Hong Kong cent(s).)

2016 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 2016.

FINANCIAL HIGHLIGHTS

	2016	2015	Change
Revenue			
– the Group	$488 million	$524 million	-7%
– share of associates and joint ventures	$5,303 million	$5,634 million	-6%
Gross profit	$152 million	$126 million	+20%
(Loss) profit attributable to shareholders	$(298) million	$86 million	-446%
(Loss) earnings per share	(6.5) cents	1.9 cents	-442%
Shareholders' funds	$4,300 million	$4,844 million	-11%
Net asset value per share	$0.94	$1.06	-11%

RESULTS

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2016

	Notes	2016 $'000	2015 $'000
Revenue			
The Company and its subsidiaries	3	**488,052**	523,557
Share of associates and joint ventures		**5,303,231**	5,633,874
		5,791,283	6,157,431
Group revenue	3	**488,052**	523,557
Cost of sales		**(336,312)**	(397,284)
Gross profit		**151,740**	126,273
Other income	4	**24,731**	23,766
Administrative expenses		**(146,876)**	(166,375)
Distribution and selling expenses		**(89,170)**	(100,525)
Other gains and losses	5	**(44,252)**	23,871
Other expenses		**(45,765)**	(45,619)
Finance costs	6	**(74,880)**	(66,771)
Provision for stock of properties		**(214,315)**	–
Net (loss) gain on fair value changes of investment properties	11	**(169,532)**	412,660
Share of results of associates		**134,527**	123,132
Share of results of joint ventures		**(436)**	1,437
(Loss) profit before taxation	7	**(474,228)**	331,849
Taxation	8	**112,695**	(203,434)
(Loss) profit for the year		**(361,533)**	128,415
(Loss) profit for the year attributable to:			
Owners of the Company		**(297,902)**	86,028
Non-controlling interests		**(63,631)**	42,387
		(361,533)	128,415
(Loss) earnings per share	9		
Basic (loss) earnings per share		**(6.5) cents**	1.9 cents
Diluted (loss) earnings per share		**N/A**	1.9 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2016

	2016 **$'000**	2015 *$'000*
(Loss) profit for the year	**(361,533)**	128,415
OTHER COMPREHENSIVE EXPENSE		
Item that will not be reclassified to profit or loss		
Change in carrying amount of investments in equity instruments	**(91,529)**	(179,890)
Items that may be subsequently reclassified to profit or loss		
Exchange differences arising from translation of foreign operations	**(125,604)**	(3,411)
Share of exchange differences of associates and joint ventures	**(64,520)**	(2,015)
Other comprehensive expense for the year	**(281,653)**	(185,316)
Total comprehensive expense for the year	**(643,186)**	(56,901)
Total comprehensive (expense) income for the year attributable to:		
Owners of the Company	**(547,034)**	(98,947)
Non-controlling interests	**(96,152)**	42,046
	(643,186)	(56,901)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2016

	Notes	**2016 *$'000***	2015 *$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**1,522,323**	1,590,300
Investment properties	*11*	**1,137,733**	1,340,016
Project under development		**180,269**	188,146
Prepaid lease payments		**303,903**	328,434
Other intangible assets		**51,935**	59,932
Interests in associates		**1,787,506**	1,745,688
Interests in joint ventures		**84,900**	89,058
Investments in equity instruments		**514,222**	588,210
Other non-current assets		**89,202**	93,096
		5,671,993	6,022,880
CURRENT ASSETS			
Prepaid lease payments		**4,834**	5,255
Stock of properties	*12*	**1,528,231**	1,791,947
Inventories of finished goods		**45,795**	39,685
Loans receivable		**56,000**	74,000
Dividend receivable from an associate		**—**	47,280
Amounts due from associates		**30,511**	37,494
Trade and other debtors, deposits and prepayments	*13*	**268,560**	267,129
Investments in equity instruments held for trading		**58,562**	101,510
Pledged bank deposits		**152,176**	408,448
Short term bank deposits		**311,988**	213,389
Bank balances and cash		**297,163**	422,906
		2,753,820	3,409,043
CURRENT LIABILITIES			
Trade and other creditors and accrued expenses	*14*	**299,387**	393,299
Amounts due to associates		**100,924**	140,016
Amount due to a joint venture		**125**	130
Amounts due to non-controlling interests		**2,392**	2,497
Taxation payable		**5,505**	4,475
Bank and other borrowings – due within one year		**1,289,156**	1,534,562
		1,697,489	2,074,979
NET CURRENT ASSETS		**1,056,331**	1,334,064
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,728,324**	7,356,944

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2016

	2016 **\$'000**	2015 \$'000
NON-CURRENT LIABILITIES		
Bank and other borrowings – due after one year	**739,954**	747,488
Amounts due to non-controlling interests	**7,177**	9,988
Deferred tax liabilities	**782,773**	937,191
Deferred income	**49,024**	56,042
Other payables	**26,241**	53,662
	1,605,169	1,804,371
	5,123,155	5,552,573
CAPITAL AND RESERVES		
Share capital	**457,736**	457,736
Reserves	**3,841,840**	4,386,298
Equity attributable to owners of the Company	**4,299,576**	4,844,034
Non-controlling interests	**823,579**	708,539
TOTAL EQUITY	**5,123,155**	5,552,573

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2016

	2016 **\$'000**	2015 \$'000
Net cash used in operating activities	**(91,807)**	(162,904)
Net cash from investing activities	**256,683**	17,461
Net cash (used in) from financing activities	**(183,418)**	28,811
Net decrease in cash and cash equivalents	**(18,542)**	(116,632)
Effect of foreign exchange rate changes	**(8,602)**	(260)
Cash and cash equivalents brought forward	**636,295**	753,187
Cash and cash equivalents carried forward	**609,151**	636,295
Analysis of the balances of cash and cash equivalents		
Short term bank deposits	**311,988**	213,389
Bank balances and cash	**297,163**	422,906
	609,151	636,295

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") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and by the Hong Kong Companies Ordinance.

2. Principal accounting policies

The 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 at the end of each reporting period.

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 - 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 - 2013 Cycle

The amendments to HKFRS 8 *Operating Segments* require entities to disclose judgements made by management in applying the aggregation criteria set out in paragraph 12 of HKFRS 8. The Group has aggregated several operating segments into a single operating segment based on the aggregation criteria set out in paragraph 12 of HKFRS 8 and made the required disclosures in Note 3.

The application of the other amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. *Segment information*

The operating segments of the Group is determined 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 unit and its performance is evaluated through organising business units with similar economic characteristics into an operating segment.

The Group's operating and reportable segments are as follows:

Paul Y. Engineering Group	- Building construction, civil engineering, development management, project management, facilities and asset management services and investment in properties
Ports development	- Development of ports facilities and ports related properties
Ports and logistics	- Operation of ports, liquefied petroleum gas ("LPG") and compressed natural gas ("CNG") products and logistics businesses
Property	- Development, investment, sale and leasing of real estate properties, developed land and land under development
Treasury	- Provision of credit services and securities trading

Both ports and logistics segment and property segment include a number of different operations in various cities within the PRC, each of which is considered as a separate business unit by the Managing Director of the Company. For segment reporting purpose, these individual business units have been aggregated into reportable segments according to the nature and similarity of their products and services, the customer type or class, the method of products distribution or providing services, and the regulatory environment, which give rise to a more meaningful presentation.

The Managing Director of the Company assesses the performance of the operating segments based on a measure of loss or earnings before interest expense and tax ("LBIT or EBIT") and loss or earnings before interest expense, tax, depreciation and amortisation ("LBITDA or EBITDA").

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 2016

	Paul Y. Engineering Group *$'000*	Ports development *$'000*	Ports and logistics *$'000*	Property *$'000*	Treasury *$'000*	Segment total and consolidated *$'000*
REVENUE	**-**	**-**	**450,460**	**24,613**	**12,979**	**488,052**
EBITDA (LBITDA)	**27,241**	**-**	**179,117**	**(401,480)**	**23,826**	**(171,296)**
Depreciation and amortisation*	**-**	**-**	**(83,337)**	**(7,963)**	**(3)**	**(91,303)**
Segment results – EBIT (LBIT)	**27,241**	**-**	**95,780**	**(409,443)**	**23,823**	**(262,599)**
Corporate and other expenses**						**(136,749)**
Finance costs						**(74,880)**
Loss before taxation						**(474,228)**
Taxation						**112,695**
Loss for the year						**(361,533)**

For the year ended 31 March 2015

	Paul Y. Engineering Group *$'000*	Ports development *$'000*	Ports and logistics *$'000*	Property *$'000*	Treasury *$'000*	Segment total and consolidated *$'000*
REVENUE	-	-	488,188	19,780	15,589	523,557
EBITDA	40,248	-	102,814	381,541	54,241	578,844
Depreciation and amortisation*	-	-	(62,261)	(8,227)	(3)	(70,491)
Segment results - EBIT	40,248	-	40,553	373,314	54,238	508,353
Corporate and other expenses**						(109,733)
Finance costs						(66,771)
Profit before taxation						331,849
Taxation						(203,434)
Profit for the year						128,415

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

** Including acquisition-related costs for potential projects of about $32,058,000 (2015: $30,278,000) and net exchange loss of $33,041,000 (2015: $686,000).

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 2016

	Paul Y. Engineering Group *$'000*	Ports development *$'000*	Ports and logistics *$'000*	Property *$'000*	Treasury *$'000*	Segment total and consolidated *$'000*
ASSETS						
Segment assets	**529,752**	**421,677**	**3,580,709**	**3,212,137**	**667,445**	**8,411,720**
Unallocated assets						**14,093**
Consolidated total assets						**8,425,813**
LIABILITIES						
Segment liabilities	**-**	**-**	**1,251,665**	**1,173,550**	**863,654**	**3,288,869**
Unallocated liabilities						**13,789**
Consolidated total liabilities						**3,302,658**

At 31 March 2015

	Paul Y. Engineering Group *$'000*	Ports development *$'000*	Ports and logistics *$'000*	Property *$'000*	Treasury *$'000*	Segment total and consolidated *$'000*
ASSETS						
Segment assets	531,499	484,270	3,720,149	3,807,544	875,892	9,419,354
Unallocated assets						12,569
Consolidated total assets						9,431,923
LIABILITIES						
Segment liabilities	-	-	1,655,692	1,380,099	819,702	3,855,493
Unallocated liabilities						23,857
Consolidated total liabilities						3,879,350

Segment assets and liabilities comprise assets and liabilities of the operating subsidiaries, as well as interests in associates, joint ventures and investments in equity instruments that are engaged in relevant segmental 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.

For the purpose of resources allocation and assessment of segment performance, deferred tax liabilities are allocated to segment liabilities but the related deferred tax credit/charge are not reported to the Managing Director of the Company as part of segment results.

3. Segment information - continued

Geographical information

The Group's operations are mainly located in Hong Kong and the People's Republic of China (the "PRC") other than Hong Kong.

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

	2016 **$'000**	2015 $'000
Hong Kong	**8,574**	11,085
The PRC other than Hong Kong	**475,400**	508,292
Others	**4,078**	4,180
	488,052	523,557

4. Other income

Other income includes:

	2016 **$'000**	2015 $'000
Bank and other interest income	**19,560**	19,687
Rental income from short term leasing of stock of properties	**4,082**	2,783

5. Other gains and losses

	2016 **$'000**	2015 $'000
(Loss) gain on changes in fair value of investments in equity instruments held for trading	**(5,177)**	24,065
Impairment loss (recognised) reversed on other receivables	**(307)**	12
Reversal of bad debt written off	**945**	-
Net exchange loss	**(33,041)**	(686)
Loss on disposal of property, plant and equipment	**(6,672)**	(914)
Gain on disposal of prepaid lease payments	**-**	1,394
	(44,252)	23,871

6. *Finance costs*

	2016 $'000	2015 $'000
Borrowing costs on:		
Bank borrowings	**89,054**	98,652
Amounts due to associates	**7,775**	6,784
Amounts due to non-controlling interests	**115**	144
Imputed interest expense on other payables	**1,303**	1,569
Other borrowings	**3,237**	1,921
	101,484	109,070
Less: Amount capitalised in respect of construction in progress (included in property, plant and equipment)	**(17,598)**	(34,101)
Amount capitalised in respect of properties under development for sale (included in stock of properties)	**(7,147)**	(6,093)
Amount capitalised in respect of investment properties under development	**(1,859)**	(2,105)
	74,880	66,771

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

7. *(Loss) profit before taxation*

	2016 $'000	2015 $'000
(Loss) profit before taxation has been arrived at after charging (crediting):		
Amortisation of other intangible assets:		
Amount provided for the year	**1,867**	1,989
Less: Amount capitalised in respect of properties under development for sale (included in stock of properties)	**(12)**	-
	1,855	1,989
Cost of inventories recognised as an expense (including provision for stock of properties)	**381,187**	276,339
Depreciation of property, plant and equipment:		
Amount provided for the year	**89,850**	70,176
Less: Amount capitalised in respect of properties under development for sale (included in stock of properties)	**(265)**	(583)
Amount capitalised in respect of construction in progress (included in property, plant and equipment)	**(88)**	(1,091)
Amount capitalised in respect of investment properties under development	**(49)**	-
	89,448	68,502
Release of prepaid lease payments	**6,031**	3,253
Dividend income from investments in equity instruments held for trading	**(2,607)**	(4,950)
Total interest income (included in revenue and other income)	**(29,932)**	(30,326)

8. *Taxation*

	2016 **$'000**	2015 $'000
The (credit) charge comprises:		
Taxation arising in the PRC excluding Hong Kong:		
Current year	**6,592**	7,598
(Over)underprovision in prior years	**(2,286)**	5,161
	4,306	12,759
Deferred taxation		
Land Appreciation Tax (the "LAT")	**(98,667)**	118,393
Others	**(18,334)**	72,282
	(117,001)	190,675
Taxation attributable to the Company and its subsidiaries	**(112,695)**	203,434

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years. No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group's estimated assessable profits has been absorbed by tax losses brought forward 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 for the Group's subsidiaries in the PRC is 25% from 1 January 2008 onwards.

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 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.

9. *(Loss) earnings per share*

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

	2016 $'000	2015 $'000
(Loss) profit for the year attributable to owners of the Company for the purpose of basic and diluted (loss) earnings per share	**(297,902)**	86,028

	2016 Number of shares	2015 Number of shares
Number of ordinary shares for the purpose of basic (loss) earnings per share	**4,577,360,572**	4,577,360,572
Effect of dilutive potential ordinary shares:		
Share options	**-**	1,838,438
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	**4,577,360,572**	4,579,199,010

The computation of diluted loss per share for the year ended 31 March 2016 does not assume the exercise of the Company's share options which will result in decrease in loss per share.

10. *Distribution*

	2016 $'000	2015 $'000
Dividends recognised as distribution during the year:		
Final cash dividend declared for the year ended 31 March 2015 – 0.5 cent (2015: 0.5 cent for the year ended 31 March 2014) per share	**22,887**	22,887
Interim cash dividend declared for the year ended 31 March 2016 – Nil (2015: 0.5 cent) per share	**-**	22,887
	22,887	45,774

The Board of the Company has resolved not to recommend for shareholders' approval the payment of any final dividend for the year ended 31 March 2016 (2015: 0.5 cent per share amounted to about $22,887,000 in aggregate).

11. *Investment properties*

	Leasehold properties in the PRC *$'000*	Developed land *$'000* (note a)	Land under development *$'000* (note b)	Total *$'000*
FAIR VALUE				
At 31 March 2015	260,116	360,799	719,101	1,340,016
Exchange realignment	(10,867)	(14,407)	(28,518)	(53,792)
Transfer from property, plant and equipment, other intangible assets and prepaid lease payments	14,299	-	-	14,299
Additions	-	-	6,873	6,873
Net decrease in fair value recognised in the consolidated income statement	(15,636)	(44,957)	(108,939)	(169,532)
Disposal	(131)	-	-	(131)
At 31 March 2016	247,781	301,435	588,517	1,137,733

notes:

(a) In prior years, the Group completed the reclamation of certain land 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 held for capital appreciation had been recognised as land held under operating lease and classified and accounted for as investment properties.

(b) In connection with the reclamation of certain land 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, the Land Being Formed that held for rentals and/or capital appreciation as investment properties had been recognised as land under development and classified and accounted for as investment properties.

12. *Stock of properties*

	2016 ***$'000***	2015 *$'000*
Properties under development for sale	**1,094,786**	1,303,803
Completed properties held for sale	**433,445**	488,144
	1,528,231	1,791,947

At 31 March 2016, stock of properties amounting to about $600,296,000 (2015: Nil) is carried at net realisable value, which provision for stock of properties of about $214,315,000 has been recognised during the year (2015: Nil).

13. *Trade and other debtors, deposits and prepayments*

The Group's 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 $107,439,000 (2015: $94,291,000). The Group does not hold any collateral over these balances. Their ageing analysis, net of allowance for doubtful debts, presented based on the invoice date at the end of the reporting period is as follows:

	2016 ***$'000***	2015 *$'000*
Within 90 days	**59,217**	53,001
More than 90 days and within 180 days	**33,108**	27,235
More than 180 days	**15,114**	14,055
	107,439	94,291

14. *Trade and other creditors and accrued expenses*

Included in trade and other creditors and accrued expenses are trade creditors of about $80,869,000 (2015: $111,096,000) and their ageing analysis presented based on the invoice date at the end of the reporting period is as follows:

	2016 ***$'000***	2015 *$'000*
Within 90 days	**56,146**	76,808
More than 90 days and within 180 days	**728**	811
More than 180 days	**23,995**	33,477
	80,869	111,096

FINAL DIVIDEND

The Board of PYI has resolved not to recommend payment of a final dividend for the year ended 31 March 2016 (2015: 0.5 cent per share).

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF FINANCIAL PERFORMANCE AND POSITION

For the year ended 31 March 2016, the Group recorded a consolidated revenue of about $488 million (2015: $524 million), representing a decrease of about 7% from last year. After taking into account the share of revenue of associates and joint ventures, the revenue was about $5,791 million (2015: $6,157 million), representing a decrease of 6% from last year. The Group's gross profit increased by 20% from last year to about $151.7 million (2015: $126.3 million), which represented a gross margin of 31% (2015: 24%) of the consolidated revenue.

The decrease in consolidated revenue was mainly resulted from the drop in revenue of Minsheng Gas. However, the considerable decline in LPG procurement cost had shown promising improvement in its gross margin, which resulted in the increase in both gross profit and gross margin of the Group.

During the year, the Group recorded a loss before taxation of about $474 million (2015: profit before taxation of about $332 million), which was composed of:

- (i) net gain of about $27 million (2015: $40 million) in Paul Y. Engineering Group mainly engaged in management contracting and property development management businesses;
- (ii) net gain of about $96 million (2015: $41 million) in ports and logistics business;
- (iii) net loss of about $409 million (2015: net gain of about $373 million) in property business;
- (iv) net gain of about $24 million (2015: $54 million) in treasury business;
- (v) net corporate and other expenses of about $137 million (2015: $109 million), which included acquisition-related costs of about $32 million (2015: $30 million) and net exchange loss of about $33 million (2015: $1 million); and
- (vi) finance costs of about $75 million (2015: $67 million).

Net loss for the year attributable to the owners of PYI was about $298 million (2015: net profit of about $86 million) and basic loss per share was 6.5 cents (2015: basic earnings per share of 1.9 cents). The net loss was mainly attributable to (a) a provision made for certain stock of properties under development situated at Xiao Yangkou of Rudong County, Nantong City, Jiangsu Province, the PRC of about $132 million (2015: Nil) after net of relevant deferred tax credit of about $39 million (2015: Nil) and share of loss by non-controlling interests of about $43 million (2015: Nil) in view of postponement in the property development and sale plan at Xiao Yangkou due to the downward adjustment of high-end property market in Rudong County and the slow-down of China’s economic growth; (b) the recognition of loss on fair value changes of investment properties situated mainly at Xiao Yangkou and Nantong City for the period of about $73 million after net of relevant deferred tax credit of about $78 million and share of loss by non-controlling interests of about $19 million as compared to a considerable gain on fair value changes of investment properties of about $164 million after net of relevant deferred tax charge of about $193 million and share of profit by non-controlling interests of about $56 million recognised in last year; and (c) an unrealised exchange loss arising from Renminbi denominated monetary assets for the year of about $33 million as compared to that of about $1 million recognised for last year. The aforesaid factors shall have no material adverse effect on the cash flows nor the financial condition of the Group.

When compared with the Group's financial position as at 31 March 2015, total assets decreased by 11% to about $8,426 million (2015: $9,432 million) as being affected by the aforesaid non-cash events and the release of certain pledged bank deposits for settlement of bank borrowings during the year. As at 31 March 2016, net current assets amounted to about $1,056 million (2015: $1,334 million), whereas current ratio deriving from the ratio of current assets to current liabilities slightly decreased to 1.62 times (2015: 1.64 times). After taking into account (a) the net loss of about $298 million; (b) the decrease in carrying amount of equity investments not held for trading of about $92 million recognised in investment revaluation reserve; (c) the Renminbi exchange deficit arising from translation of foreign operations of about $157 million; (d) the recognition of share-based payment reserve, premium on disposal of partial interest in subsidiaries and share of other reserves of associates of about $26 million; and (e) the dividend distribution of about $23 million to PYI's shareholders, equity attributable to owners of PYI was decreased by 11% to about $4,300 million (2015: $4,844 million), representing $0.94 (2015: $1.06) per share as at 31 March 2016.

Net cash outflow from operating activities was about $92 million (2015: $163 million), which was mainly attributable to (a) the purchase of higher level of LPG inventories at a lower cost with an aim to enhance control of seasonal price risk; and (b) the incurred pre-development expenses and development costs of stock of properties at Xiao Yangkou, which is under development as a tourism site serving the region. Net cash inflow from investing activities was about $256 million (2015: $17 million). Net cash outflow from financing activities was about $183 million (2015: inflow of about $29 million), resulting in a net decrease in available cash and cash equivalents of about $19 million (2015: $117 million) during the year.

REVIEW OF OPERATIONS AND BUSINESS DEVELOPMENT

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. Nonetheless, in response to the challenging economic landscape ahead in China at slower growth rate, PYI has positioned its ports and logistics business to tackle the challenges and capture the opportunities arising from China's transitioning from an investment-intensive and export-led economy to one driven by domestic consumption and new innovation industries. Our ports are implementing various new measures, for instances, introducing strategic partner in our developing port, providing customer-orientated total logistics solution to cater for multi-modal transportation and storage needs, introducing cargo containerization and new freight services, increasing sustainability on environmental and social aspects and installing new electronic platform to enhance operational efficiency.

Nantong Port Group (45% owned)

Nantong Port Group contributed about $99 million (2015: $73 million) to the segment's operating profit for the year. The increase in contribution was attributable to higher revenue from increased bulk cargo and container throughput of larger ships after completion of a major depth dredging work along the waterway of Nantong Port, as well as a subsidy was received from relocation of certain anchorage ground along the Yangtze River.

Nantong Port is one of China's category-one national ports opened to foreign trade and an important hub port of the country. As a major river port in the Yangtze Delta Region, Nantong Port provides easy access to the Yangtze region by road and waterway and is an ideal hub port for cargo trans-shipment in the Yangtze Delta Region. Nantong owns a shoreline of 4.2 km and a land mass of 1.6 sq km with four major terminals namely Tongzhou Terminal, Jianghai Terminal, Langshan Terminal and Container Terminal, and they together operate 24 berths. The main cargoes handled by Nantong Port Group are iron ore, minerals, cement, steel, coal, fertilizers, grains and edible oil.

Annual bulk cargo throughput of Nantong Port in 2015 increased by 3% to about 66 million tonnes (2014: 64 million tonnes), while the container throughput in 2015 increased by 1% to 558,000 TEUs (2014: 550,000 TEUs).

Yichang Port Group (51% owned)

Yichang Port Group contributed about $17 million (2015: $2 million) to the segment's operating profit for the year. The increase in contribution was attributable to the tightened costs control which improves the gross margin and reduces operating expenses.

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

Yichang Port Group devotes to capture the opportunity afforded by growing demand on logistics and transportation services along the middle and upper reaches of the Yangtze. It is developing a new container and cargo port situated at Yunchi area of Yichang City and holds 62.4% interest. Currently, Yunchi Port has been approved for the development of six major berths with designed annual container throughput capacity of 164,000 TEUs and general cargo throughput capacity of 2.5 million tonnes. A customs office is located in the port area for efficient consignment, declaration and clearance at one stop. Phase one of Yunchi Port has commenced commercial operation since May 2016, which will contribute to the port business of Yichang Port Group for the financial year ending 31 March 2017.

Annual bulk cargo throughput of Yichang Port Group for the year ended 31 March 2016 increased by 11% to about 7.3 million tonnes (2015: 6.6 million tonnes). Its annual container throughput decreased by 1% to 133,000 TEUs (2015: 134,000 TEUs).

Jiangyin Sunan Container Terminal (40% owned)
Jiangyin Sunan contributed about $8 million (2015: $10 million) to the segment's operating profit for the year. Its operating result was affected by the decline in revenue from handling import containers with higher margin due to weaker market demand.

Jiangyin Sunan is principally engaged in containers loading and discharging as well as the storage, maintenance, washing and leasing of containers. The container terminal operated by Jiangyin Sunan is the only container terminal in Jiangyin City. The terminal occupies a land area of 0.49 sq km, a shoreline of 589 m long with three berths of 50,000 tonnes capacity each.

Annual container throughput of Jiangyin Sunan in 2015 decreased by 1% to 457,000 TEUs (2014: 459,000 TEUs).

Jiaxing International Feeder Port (90% owned)
Jiaxing International Feeder Port is a core pilot feeder port in Zhejiang Province under the plans of Ministry of Transport. The port started commercial operation in the first quarter of 2015 after declared soft open in mid-2010, and becomes the first container feeder port in the Yangtze Delta Region with comprehensive customs and logistics services. The port contributed about $7 million (2015: Nil) to the segment's operating profit for the year.

Jiaxing International Feeder Port is situated at Nanhu District of Jiaxing City and occupies a shoreline of 570 m and a land mass of 326,000 sq m. The port has 10 berths with total annual throughput capacity of about 200,000 TEUs. It is principally engaged in loading, discharging and storage of containers. A customs office is located in port area for efficient consignment, declaration and clearance at one stop. The port also features a range of integrated logistics supporting services such as examination, quarantine, storage and information services, etc.

Annual container throughput of Jiaxing International Feeder Port for the year ended 31 March 2016 increased by 5% to about 184,000 TEUs (2015: 175,000 TEUs).

LPG, CNG and Logistics (100% owned)
The LPG and CNG distribution and logistics businesses of Minsheng Gas recorded an operating loss of about $35 million (2015: $44 million) during the year. Excluding an one-off write-down in value of LPG assets of about $42 million for the upgrade of the LPG distribution equipment and operating system (2015: $27 million for the transformation of certain LPG fueling stations into CNG fueling stations) (included in distribution and selling expenses and other losses), Minsheng Gas recorded an operating profit of about $7 million (2015: operating loss of about $17 million) for the year. The operating result of Minsheng Gas had shown promising improvement, as benefited from the decline in LPG procurement cost and all of the five transformed CNG fueling stations were operating during the whole year.

Minsheng Gas owns and operates the largest LPG river terminal and storage-tank farm in mid-stream Yangtze. Through its mature wholesale and distribution network, Minsheng Gas has captured a substantial share of the automotive consumption market in Wuhan City. It established a Vehicle Conversion Research and Development Center to support the application of its research and development on the construction of fueling stations, conversion of gasoline-powered vehicles to LPG or CNG vehicles and gas fueling.

As at 31 March 2016, Minsheng Gas has nine LPG and five CNG fueling stations in Wuhan City. The sale performance and profitability of Minsheng Gas are expected to be further strengthened through various logistics enhancement measures and upgrade of the LPG distribution equipment and operating system. In order to capture the new market demand arising from the nation-wide promotion of eco-friendly fuels, Minsheng Gas is well positioned to negotiate strategic cooperation with various automotive consumption groups and to plan for the construction of new fueling stations.

Ports Development – Yangkou Port (9.9% owned)
There was no contribution from Yangkou Port Co to the Group's operating profit for the year (2015: Nil).

Yangkou Port is an offshore type deep-sea harbour along the South East Coast of Jiangsu Province, which has declared soft open in October 2008. Strategically located near the mouth of the Yangtze River, Yangkou Port is ideally situated to become one of China's largest trans-shipment hubs for dry and liquid bulk cargoes.

PYI continues 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 and is classified as an investment in equity instrument. As at 31 March 2016, the investment in Yangkou Port Co is stated at fair value (through other comprehensive income) of about $422 million (2015: $484 million).

Engineering Business – Paul Y. Engineering (48.2% owned)
Paul Y. Engineering contributed about $27 million (2015: $40 million) to the segment's operating profit for the year ended 31 March 2016. The drop in contribution is affected by the provision made for lead-in-water incident and the increase in legal and professional fees.

During the year, Paul Y. Engineering recorded a revenue of about $9,960 million (2015: $10,696 million) and secured new contracts of about $4,891 million (2015: $5,264 million) in aggregate value. As at 31 March 2016, the total value of contracts on hand of Paul Y. Engineering was about $23,521 million (2015: $31,476 million) and the value of work remaining was about $7,589 million (2015: $10,062 million). Paul Y. Engineering will enhance its operational efficiency and continues to adopt a balanced approach between expanding its workbook with premium projects and maintaining a reasonable profit margin.

Headquartered in Hong Kong, Paul Y. Engineering is dedicated to providing full-fledged engineering and property services, with operations in Hong Kong, the Mainland, Macau, Singapore and Malaysia. Entering its 70^{th} anniversary, Paul Y. Engineering has been at the heart of some of the most challenging and impactful construction projects that have shaped the iconic skylines of Hong Kong and many other cities. Its projects include commercial and residential buildings, institutional facilities, highways, railways, tunnels, port works, water and sewage treatment facilities etc.

Property
The property business recorded an operating loss of about $409 million (2015: gain of about $373 million) for the year. The operating loss was mainly attributable to (a) a provision made for certain stock of properties situated at Xiao Yangkou in view of postponement in their property development and the sale plan of about $214 million (2015: Nil); and (b) the recognition of loss on fair value changes of investment properties of about $170 million (2015: gain of about $413 million). The operating result also included net development expenses for resort project at Xiao Yangkou of about $14 million (2015: $15 million) incurred during the year.

The Group has 11.5 sq km land bank situated at Xiao Yangkou, which is under development as a regional tourism site of national standard with hotspring and recreational facilities. As at 31 March 2016, about 6.88 sq km (2015: 6.88 sq km) of the land bank had reached the developing stage or the developed and serviced stage.

About 0.88 sq km (2015: 0.88 sq km) of the developed land and about 2 sq km (2015: 2 sq km) of the land under development at Xiao Yangkou were classified as investment properties and measured at fair value of about $890 million (2015: $1,080 million). As at 31 March 2016, the investment properties recorded a loss on revaluation of about $154 million (2015: gain on revaluation of about $408 million) for the year, before the relevant deferred tax credit of about $74 million (2015: charge of about $192 million).

The remaining land bank reached developing or developed stage of about 2.11 sq km (2015: 2.11 sq km) of the developed land and about 1.89 sq km (2015: 1.89 sq km) of the land under development were classified as trading stock as at 31 March 2016. In view of the downward adjustment of high-end property market in Rudong County, certain stock of properties amounting to about $600 million (2015: Nil) was stated at net realisable value as at 31 March 2016, which provision for stock of properties of about $214 million has been recognised during the current year (2015: Nil).

As at 31 March 2016, a gross floor area of about 6,000 sq m of "Nantong International Trade Center", a commercial and office development in the central business district of Nantong City, had been rented out for hotel operation. Rental income of the investment properties amounting to about $4 million (2015: $5 million) was contributed to the Group's revenue during the year. As at 31 March 2016, the investment properties recorded a loss on revaluation of about $19 million (2015: Nil) for the year. The Group also holds a gross floor area of about 14,000 sq m of "Nantong International Trade Center" for sale.

In the main urban district of Yichang City along Yangtze River, the Group holds certain commercial, residential and industrial properties with gross floor area of about 104,000 sq m (inclusive of commercial shops of about 5,000 sq m) through Yichang Port Group. Rental income of the investment properties amounted to about $7 million (2015: $7 million) was contributed to the Group's revenue during the year.

In the Hangzhou Hi-Tech Industry Development Zone of Bingjiang, Hangzhou City, the Group holds jointly with Paul Y. Engineering an office building known as "Pioneer Technology Building", which has a gross floor area of about 20,000 sq m. The building generated rental income of about $12 million (2015: $13 million) during the year and its occupancy reached about 90% as at 31 March 2016.

Treasury

The treasury investments contributed about $24 million (2015: $54 million) to the Group's operating profit for the year. During the year, listed securities held for trading recorded a fair value loss of about $5 million (2015: gain of about $24 million) and generated dividend income of about $3 million (2015: $5 million). The high-yield loans and Renminbi bank deposits in Hong Kong generated interest income of about $26 million (2015: $25 million).

As at 31 March 2016, (a) total value of the Group's portfolio of listed securities held for trading amounted to about $59 million (2015: $102 million), equivalent to about 0.7% (2015: 1.1%) of the Group's total assets; and (b) portfolio of high-yield loans receivable amounted to about $56 million (2015: $74 million), equivalent to about 0.7% (2015: 0.8%) of the Group's total assets.

MATERIAL ACQUISITION AND DISPOSAL

During the year, Yichang Port Group disposed of 37.634% equity interest in a wholly-owned subsidiary of Yichang Port Group engaged in holding of assets of Yunchi Port (“Yunchi Port Co”) to a company owned by Yichang Port Group’s 49%-owned non-controlling shareholder for a consideration of RMB153.92 million (equivalent to about $187.94 million). The consideration for the disposal was settled by offsetting the loans owed to the transferee by Yichang Port Group. Yunchi Port Co remains a subsidiary of the Company after the disposal.

Other than the above, the Group did not have material acquisition and disposal of subsidiaries, associates and joint ventures during the year.

EVENT AFTER THE REPORTING PERIOD

There were no major subsequent events occurred since the end of the reporting period and up to the date of this announcement.

OUTLOOK

With its port network along Yangtze River in China, PYI is well positioned to capitalise on the new opportunities created by the Central Government’s national strategy "One Belt One Road", a main theme of which is to facilitate connectivity, and another national strategy, namely, "Yangtze River Economic Belt", which places a special focus on the economic corridor along the Yangtze River region. PYI remains positive on the outlook of its port business in the Yangtze River region and will stay in line with such national strategies. Looking forward, PYI will continue to pursue strategic growth in both our Yangtze ports as well as the resort and leisure development at Xiao Yangkou with a view to maintain long term business growth and generate sustainable returns to our shareholders.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 March 2016, the Group had total assets of $8,426 million (2015: $9,432 million) which were financed by shareholders' funds and credit facilities. A variety of credit facilities were maintained to meet its working capital requirements and committed capital expenditure, which bore interest at market rates and had contracted terms of repayment ranging from on demand to four years. The Group mainly generated revenue and incurred costs in Hong Kong dollar and Renminbi. During the year, no financial instruments had been used for hedging purpose and no foreign currency net investments are hedged by currency borrowings or other hedging instruments. The Group adopts a prudent funding and treasury policy and manages the fluctuation exposures of exchange rate and interest rate on specific transactions.

As at 31 March 2016, the Group's total borrowings amounted to about $2,110 million (2015: $2,384 million) with about $1,363 million (2015: $1,626 million) repayable on demand or within one year and about $747 million (2015: $758 million) repayable after one year. Borrowings denominated in Hong Kong dollar of about $935 million (2015: $872 million) bore interest at floating rate. Borrowings denominated in Renminbi of about $705 million (2015: $890 million) bore interest at floating rate and about $470 million (2015: $622 million) bore interest at fixed rate. The Group's gearing ratio was 0.49 (2015: 0.49), which was calculated based on the total borrowings of about $2,110 million (2015: $2,384 million) and the Group's shareholders' funds of about $4,300 million (2015: $4,844 million).

Bank balances and cash of the Group as at 31 March 2016 amounted to about $761 million (2015: $1,045 million), of which about $468 million (2015: $1,008 million) was denominated in Renminbi, about $293 million (2015: $37 million) was denominated in Hong Kong dollar and about $0.2 million (2015: $0.2 million) was denominated in other currencies. Also, about $152 million (2015: $408 million) had been pledged to banks to secure general credit facilities granted to the Group, which included about RMB89 million (equivalent to about $107 million) (2015: RMB320 million, equivalent to about $400 million) deposited in Hong Kong to secure banking facilities denominated in Hong Kong dollar and available in Hong Kong. As at 31 March 2016, the Group had a net debt position (being bank borrowings net of bank balances and cash) of about $1,241 million (2015: $1,045 million).

CONTINGENT LIABILITY

As at 31 March 2016, the Group had no contingent liability (2015: guarantee given to a bank in respect of banking facilities granted to a third party of about $25 million).

PLEDGE OF ASSETS

As at 31 March 2016, certain property interests, property, plant and equipment and bank balances of the Group with an aggregate value of about $988 million (2015: $1,596 million), as well as the Company's investments in certain subsidiaries of about $445 million (2015: $412 million) were pledged to banks and financial institutions to secure general credit facilities granted to the Group.

COMMITMENTS

As at 31 March 2016, the Group had expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of certain property, plant and equipment and properties interests in a total amount of about $9 million (2015: $12 million).

NUMBER OF EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2016, the Group employed a total of 1,581 (2015: 1,619) full time employees. Remuneration packages consisted of salary as well as performance-based bonus. Further, the Company has implemented various 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 both the Group's staff in Hong Kong and the Mainland.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

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

CORPORATE GOVERNANCE

In the Corporate Governance Report published in PYI's 2015 annual report (the "2015 Annual Report") (which can be viewed on PYI's website: www.pyicorp.com), we reported that, save for the deviation disclosed therein, PYI has applied the principles and complied with all applicable code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules (the "CG Code"), and adopted some of the recommended best practices for the year ended 31 March 2015.

Throughout the year ended 31 March 2016, PYI continued to comply with the code provisions as set out in the CG Code, except for the following deviation:

Code Provision A.2.1 of the CG Code stipulates that the roles of the chairman and chief executive officer ("CEO") should be separated and performed by different individuals. Following the retirement of Dr Chow Ming Kuen, Joseph on 16 September 2011, Mr Lau Tom Ko Yuen, the Managing Director (equivalent to CEO) of PYI, has been appointed as chairman of PYI ("Chairman") and has performed the roles of Chairman and CEO with effect from 26 September 2011.

The Board of PYI believes that it is appropriate and in the interests of PYI for Mr Lau Tom Ko Yuen to take up both roles at the present stage as it helps to ensure consistent leadership within the Group and enable more effective and efficient overall strategic planning for the Group. The Board of PYI also believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by the current Board which comprises experienced and high calibre individuals with more than half the number thereof being independent non-executive directors.

PYI has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code for dealing in the securities of PYI by PYI's directors and the relevant employees of the Group. According to specific enquiries made by PYI, all PYI's directors and relevant employees of the Group have confirmed their compliance with the required standard set out in the Model Code throughout the year ended 31 March 2016.

REVIEW OF ACCOUNTS

The Group's results for the year ended 31 March 2016 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 2016 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 send our gratitude to our shareholders, clients and partners for their continuous support and confidence to the Group, and express our appreciation to our executives and staff across the nation for their dedication and contribution 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 "Listed Company Information". The 2016 Annual Report will be despatched to shareholders of PYI and posted at the aforesaid websites in July 2016.

ANNUAL GENERAL MEETING

The 2016 Annual General Meeting of PYI is scheduled to be held on Friday, 2 September 2016. Notice of the 2016 Annual General Meeting will be published on the websites of both the Stock Exchange and PYI and despatched to PYI's shareholders in due course.

On behalf of the Board
PYI Corporation Limited
Lau Tom Ko Yuen
Chairman and Managing Director

Hong Kong, 17 June 2016

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

Mr Lau Tom Ko Yuen	:	Chairman and Managing Director
Mr Chan Yiu Lun, Alan	:	Executive Director
Mr Chan Shu Kin	:	Independent Non-Executive Director
Ms Wong Lai Kin, Elsa	:	Independent Non-Executive Director
Mr Mok Yat Fan, Edmond	:	Independent Non-Executive Director