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).)

2019 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 2019.

FINANCIAL HIGHLIGHTS

	2019	2018	Change
Revenue of the Group	$628 million	$624 million	+1%
Gross proceeds from securities trading of the Group	$126 million	$59 million	+114%
Share of revenue of associates and joint ventures	$4,556 million	$3,642 million	+25%
	$5,310 million	$4,325 million	+23%
Gross profit	$209 million	$196 million	+7%
Profit attributable to shareholders	$49 million	$477 million	-90%
Earnings per share	0.9 cent	8.8 cents	-90%
Shareholders' funds	$4,446 million	$4,712 million	-6%
Net asset value per share	$0.81	$0.85	-5%

RESULTS

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2019

	Notes	2019 $'000	2018 $'000
Revenue of the Company and its subsidiaries	4	**628,368**	624,400
Gross proceeds from securities trading of the Company and its subsidiaries	4	**126,000**	59,041
Share of revenue of associates and joint ventures	4	**4,556,237**	3,641,620
		5,310,605	4,325,061
Group revenue			
Sales and services income	3	**551,878**	577,624
Interest income	3	**65,797**	34,974
Property rental and dividend income	3	**10,693**	11,802
		628,368	624,400
Cost of sales		**(419,649)**	(428,301)
Gross profit		**208,719**	196,099
Other income	5	**7,728**	8,826
Administrative expenses		**(140,776)**	(145,548)
Distribution and selling expenses		**(54,147)**	(120,139)
Other gains and losses	6	**40,204**	33,070
Other expenses		**(33,360)**	(33,709)
Impairment loss reversed (recognised) on financial assets	7	**20,113**	(52,874)
Finance costs	8	**(32,007)**	(53,455)
Gain on disposal of an associate		**–**	847,628
Impairment loss on property, plant and equipment		**–**	(148,049)
Net gain on fair value changes of investment properties	13	**38,718**	127,759
Share of results of associates		**33,215**	52,183
Share of results of joint ventures		**677**	2,429
Profit before taxation	9	**89,084**	714,220
Taxation	10	**(24,728)**	(212,461)
Profit for the year		**64,356**	501,759
Profit for the year attributable to:			
Owners of the Company		**49,208**	477,390
Non-controlling interests		**15,148**	24,369
		64,356	501,759
Earnings per share	11		
Basic earnings per share		**0.9 cent**	8.8 cents
Diluted earnings per share		**N/A**	8.8 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2019

	2019 **$'000**	2018 *$'000*
Profit for the year	**64,356**	501,759
OTHER COMPREHENSIVE (EXPENSE) INCOME		
Item that will not be reclassified to profit or loss		
Change in carrying amount of investments in equity instruments	**(60,960)**	(60,352)
Items that may be subsequently reclassified to profit or loss		
Exchange differences arising from translation of foreign operations	**(177,197)**	249,318
Share of exchange differences of associates and joint ventures	**(24,961)**	100,740
Reclassification adjustment on disposal of an associate	**–**	(126,471)
Other comprehensive (expense) income for the year	**(263,118)**	163,235
Total comprehensive (expense) income for the year	**(198,762)**	664,994
Total comprehensive (expense) income for the year attributable to:		
Owners of the Company	**(161,390)**	561,367
Non-controlling interests	**(37,372)**	103,627
	(198,762)	664,994

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2019

	Notes	2019 $'000	2018 $'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,308,915**	1,358,358
Investment properties	*13*	**1,324,481**	1,350,540
Project under development		**175,428**	186,297
Prepaid lease payments		**302,131**	342,192
Other intangible assets		**7,004**	8,460
Interests in associates		**654,591**	734,328
Interests in joint ventures		**118,446**	96,201
Investments in equity instruments		**375,845**	436,826
Other non-current assets		**84,050**	91,232
		4,350,891	4,604,434
CURRENT ASSETS			
Prepaid lease payments		**4,180**	4,766
Stock of properties	*14*	**1,556,864**	1,627,256
Inventories of finished goods		**12,631**	11,384
Loans receivable		**230,322**	372,700
Amounts due from associates		**70,721**	79,710
Amount due from a joint venture		**4,839**	7,619
Trade and other debtors, deposits and prepayments	*15*	**310,609**	265,108
Investments in debt instruments held for trading		**299,241**	320,174
Investments in equity instruments held for trading		**309,950**	35,964
Other financial asset		**–**	183,539
Pledged bank deposits		**117**	30,557
Short term bank deposits		**137,507**	248,276
Bank balances and cash		**380,621**	327,847
		3,317,602	3,514,900
CURRENT LIABILITIES			
Trade and other creditors and accrued expenses	*16*	**298,733**	286,364
Contract liabilities		**4,055**	–
Amounts due to associates		**–**	17,400
Amounts due to non-controlling interests		**95,683**	2,478
Taxation payable		**10,302**	11,965
Bank and other borrowings – due within one year		**674,231**	536,235
		1,083,004	854,442
NET CURRENT ASSETS		**2,234,598**	2,660,458
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,585,489**	7,264,892

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2019

	2019 **$'000**	2018 $'000
NON-CURRENT LIABILITIES		
Bank and other borrowings – due after one year	**370,053**	606,432
Amounts due to non-controlling interests	**–**	101,611
Deferred tax liabilities	**810,269**	843,707
Deferred income	**76,092**	77,925
Other payables	**19,499**	22,425
	1,275,913	1,652,100
	5,309,576	5,612,792
CAPITAL AND RESERVES		
Share capital	**551,958**	551,958
Reserves	**3,894,136**	4,159,856
Equity attributable to owners of the Company	**4,446,094**	4,711,814
Non-controlling interests	**863,482**	900,978
TOTAL EQUITY	**5,309,576**	5,612,792

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2019

	2019 **$'000**	2018 $'000
Net cash from (used in) operating activities	**84,618**	(786,757)
Net cash (used in) from investing activities	**(25,511)**	1,507,398
Net cash used in financing activities	**(98,621)**	(669,708)
Net (decrease) increase in cash and cash equivalents	**(39,514)**	50,933
Effect of foreign exchange rate changes	**(18,481)**	25,540
Cash and cash equivalents brought forward	**576,123**	499,650
Cash and cash equivalents carried forward	**518,128**	576,123
Analysis of the balances of cash and cash equivalents		
Short term bank deposits	**137,507**	248,276
Bank balances and cash	**380,621**	327,847
	518,128	576,123

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 investment properties and certain financial instruments, which are measured at fair values.

In the current year, the Group has applied the following new and amendments to HKFRSs and an interpretation issued by the HKICPA for the first time that are relevant for the preparation of the Group's consolidated financial statements:

HKFRS 9 (2014)	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) - Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 - 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of amendments to HKFRSs and the interpretation 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.

2.1 HKFRS 9 (2014) "Financial Instruments"

In the current year, the Group has applied HKFRS 9 (2014) "Financial Instruments" and the related consequential amendments to other HKFRSs. HKFRS 9 (2014) introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities in addition to those relating to classification and measurement of financial assets covered in HKFRS 9 (2009) which have been early adopted by the Group with 1 April 2014 as its date of initial application (i.e. the date on which the Group has reassessed the classification of its financial assets in accordance with requirements of HKFRS 9 (2009)); 2) expected credit losses ("ECL") for financial assets; and 3) general hedge accounting.

2. *Principal accounting policies – continued*

2.1 HKFRS 9 (2014) "Financial Instruments" – continued

The Group has applied HKFRS 9 (2014) in accordance with the transition provisions set out in HKFRS 9 (2014), i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKFRS 9 (2009) "Financial Instruments".

Summary of effects arising from initial application of HKFRS 9 (2014)

Impairment under ECL model

The Group applies the HKFRS 9 (2014) simplified approach to measure ECL which uses a lifetime ECL for all trade debtors. To measure the ECL, trade debtors with significant or credit impaired balances are individually assessed and the others are collectively assessed based on shared credit risk characteristics.

Except for those which had been determined as credit impaired, ECL for other financial assets at amortised cost are assessed on 12-month ECL basis as there had been no significant increase in credit risk since initial recognition, except for certain other debtors and a loan receivable which are measured on lifetime ECL basis as those credit risk had increased significantly since initial recognition.

As at 1 April 2018, the additional credit loss allowance of $10,732,000 in aggregate for amounts due from associates, trade and other debtors and loans receivable has been recognised against retained profits.

All loss allowances for financial assets including amounts due from associates, trade and other debtors and loans receivable as at 31 March 2018 reconciled to the opening loss allowance as at 1 April 2018 are as follows:

	Amounts due from associates *$'000*	Trade and other debtors *$'000*	Loans receivable *$'000*
At 31 March 2018 - HKFRS 9 (2009)	-	37,092	21,000
Amounts remeasured through opening retained profits	1,125	1,800	7,807
At 1 April 2018	1,125	38,892	28,807

Interests in associates

The initial application of HKFRS 9 (2014) resulted in a decrease in the carrying amount of interests in associates of $9,869,000 with corresponding adjustment to retained profits.

2. *Principal accounting policies – continued*

2.2 HKFRS 15 "Revenue from Contracts with Customers"

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and the related interpretations.

The Group recognises revenue from the following major sources which arise from contracts with customers:

- Income from port related services
- Sale of liquefied petroleum gas ("LPG") and compressed natural gas ("CNG") products
- Sale of properties

Summary of effects arising from initial application of HKFRS 15

The initial application of HKFRS 15 resulted in a decrease in the carrying amount of interests in associates of $83,729,000 with corresponding adjustments charged to retained profits by $83,745,000 and credited to translation reserve by $16,000 respectively.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2018. Line items that were not affected by the changes have not been included.

	notes	Carrying amounts previously reported at 31 March 2018 *$'000*	Reclassification *$'000*	Remeasurement *$'000*	Carrying amounts under HKFRS 15 at 1 April 2018* *$'000*
Non-current asset					
Interests in associates	(a)	734,328	-	(83,729)	650,599
Current liabilities					
Trade and other creditors and accrued expenses	(b)	286,364	(7,648)	-	278,716
Contract liabilities	(b)	-	7,648	-	7,648
Capital and reserves					
Retained profits	(a)	3,698,600	-	(83,745)	3,614,855
Translation reserve	(a)	206,798	-	16	206,814

notes:

(a) In relation to construction contracts previously accounted under HKAS 11, an associate of the Group changed to apply input method in estimating the performance obligations satisfied up to date of initial application of HKFRS 15. The net effect arising from the initial application of HKFRS 15 by this associate resulted in a decrease in the Group's carrying amount of interests in associates of $83,729,000 with corresponding adjustments to retained profits and translation reserve.

(b) The reclassification of $7,648,000 from trade and other creditors and accrued expenses to contract liabilities under HKFRS 15 represented the Group's obligations to transfer goods and services to the customers and the Group has received consideration from the customers.

* The amounts in this column are before the adjustments from the application of HKFRS 9 (2014).

2. *Principal accounting policies – continued*

2.2 HKFRS 15 "Revenue from Contracts with Customers" – continued

Summary of effects arising from initial application of HKFRS 15 – continued

The following tables summarise the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position at 31 March 2019 and its consolidated income statement and consolidated statement of comprehensive income for the year ended 31 March 2019 for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position at 31 March 2019

	notes	As reported *$'000*	Reclassification *$'000*	Remeasurement *$'000*	Amounts without application of HKFRS 15 *$'000*
Non-current asset					
Interests in associates	(a)	654,591	-	74,234	728,825
Current liabilities					
Trade and other creditors and accrued expenses	(b)	298,733	4,055	-	302,788
Contract liabilities	(b)	4,055	(4,055)	-	-
Capital and reserves					
Retained profits	(a)	3,644,982	-	74,254	3,719,236
Translation reserve	(a)	57,176	-	(20)	57,156

Impact on the consolidated income statement for the year ended 31 March 2019

	note	As reported *$'000*	Adjustments *$'000*	Amounts without application of HKFRS 15 *$'000*
Share of revenue of associates and joint ventures	(a)	4,556,237	(410,911)	4,145,326
Share of results of associates	(a)	33,215	(9,492)	23,723
Profit for the year attributable to:				
Owners of the Company	(a)	49,208	(9,492)	39,716

Impact on the consolidated statement of comprehensive income for the year ended 31 March 2019

	note	As reported *$'000*	Adjustments *$'000*	Amounts without application of HKFRS 15 *$'000*
Share of exchange differences of associates and joint ventures	(a)	(24,961)	(5)	(24,966)
Total comprehensive expense for the year attributable to:				
Owners of the Company	(a)	(161,390)	(9,497)	(170,887)

2. Principal accounting policies – continued

2.2 HKFRS 15 "Revenue from Contracts with Customers" – continued

Summary of effects arising from initial application of HKFRS 15 – continued

notes:

(a) The net effect arising from the application of HKFRS 15 resulted in an accumulated decrease of $74,234,000 in the carrying amount of interests in associates at 31 March 2019, of which $74,254,000 has been charged to retained profits and $20,000 has been credited to translation reserve. Meanwhile, the application of HKFRS 15 resulted in an increase of $410,911,000 in share of revenue of associates and joint ventures, $9,492,000 in share of results of associates and $5,000 in the share of exchange differences of associates and joint ventures for the current year.

(b) Prior to application of HKFRS 15, the Group's obligation to transfer goods and services to the customers for which the Group has received consideration from the customers amounting to $4,055,000 at 31 March 2019 would be recognised as trade and other creditors and accrued expenses. Such amount was reclassified to contract liabilities upon application of HKFRS 15.

2.3 Impacts on opening consolidated statement of financial position arising from the application of all new HKFRSs

As a result of the changes in the Group's accounting policies above, the opening consolidated statement of financial position had to be restated. The following table show the adjustments recognised for each of the line items affected. Line items that were not affected by the changes have not been included.

	Audited 31 March 2018 *$'000*	HKFRS 15 *$'000*	HKFRS 9 (2014) *$'000*	Restated 1 April 2018 *$'000*
Non-current assets				
Interests in associates	734,328	(83,729)	(9,869)	640,730
Others with no adjustments	3,870,106	-	-	3,870,106
	4,604,434	(83,729)	(9,869)	4,510,836
Current assets				
Loans receivable	372,700	-	(7,807)	364,893
Amounts due from associates	79,710	-	(1,125)	78,585
Trade and other debtors, deposits and prepayments	265,108	-	(1,800)	263,308
Others with no adjustments	2,797,382	-	-	2,797,382
	3,514,900	-	(10,732)	3,504,168
Current liabilities				
Trade and other creditors and accrued expenses	286,364	(7,648)	-	278,716
Contract liabilities	-	7,648	-	7,648
Others with no adjustments	568,078	-	-	568,078
	854,442	-	-	854,442
Net current assets	2,660,458	-	(10,732)	2,649,726
Total assets less current liabilities	7,264,892	(83,729)	(20,601)	7,160,562
Non-current liabilities				
Others with no adjustments	1,652,100	-	-	1,652,100
Net assets	5,612,792	(83,729)	(20,601)	5,508,462
Capital and reserves				
Retained profits	3,698,600	(83,745)	(20,601)	3,594,254
Translation reserve	206,798	16	-	206,814
Others with no adjustments	1,707,394	-	-	1,707,394
Total equity	5,612,792	(83,729)	(20,601)	5,508,462

3. *Revenue*

Revenue is analysed as follows:

	2019 **$'000**	2018 $'000
Sales and services income		
Income from port related services	**400,128**	405,295
Sale of LPG and CNG products	**146,148**	161,547
Sale of properties	**5,602**	10,782
	551,878	577,624
Interest income		
Interest income from loans receivable	**37,763**	19,227
Interest income from investments in debt instruments held for trading	**28,034**	15,747
	65,797	34,974
Property rental and dividend income		
Property rental and related income	**9,482**	11,482
Dividend income from investments in equity instruments held for trading	**1,211**	320
	10,693	11,802
	628,368	624,400

Revenue from contracts with customers is derived from the People's Republic of China (the "PRC"), which includes (i) revenue from sale of properties under property segment and sale of LPG and CNG products under ports and logistics segment that are recognised at a point in time and (ii) income from port related services under ports and logistics segment that is recognised over time.

4. *Segment information*

The operating segments of the Group are 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, LPG and CNG products and logistics businesses
Property	- Development, investment, sale and leasing of real estate properties, developed land and land under development and projects under development
Securities	- Investment and trading of securities
Treasury	- Provision of credit services and cash management

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 earnings before interest expense and tax ("EBIT") and earnings before interest expense, tax, depreciation and amortisation ("EBITDA").

4. *Segment information – continued*

Segment revenue and results

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

For the year ended 31 March 2019

	Paul Y. Engineering Group *$'000*	Ports development *$'000*	Ports and logistics *$'000*	Property *$'000*	Securities *$'000*	Treasury *$'000*	Segment total and consolidated *$'000*
Revenue of the Group	-	-	546,276	15,084	29,245	37,763	628,368
Gross proceeds from securities trading of the Group	-	-	-	-	126,000	-	126,000
Share of revenue of associates and joint ventures	4,508,366	-	42,259	5,612	-	-	4,556,237
	4,508,366	-	588,535	20,696	155,245	37,763	5,310,605
EBITDA	19,855	919	151,198	29,299	26,716	56,265	284,252
Depreciation and amortisation**	-	-	(46,945)	(4,231)	(22)	(22)	(51,220)
Segment results – EBIT	19,855	919	104,253	25,068	26,694	56,243	233,032
Corporate and other expenses***							(111,941)
Finance costs							(32,007)
Profit before taxation							89,084
Taxation							(24,728)
Profit for the year							64,356

4. *Segment information – continued*

Segment revenues and results – continued

For the year ended 31 March 2018

	Paul Y. Engineering Group *$'000*	Ports development *$'000*	Ports and logistics *$'000*	Property *$'000*	Securities *$'000*	Treasury *$'000*	Segment total and consolidated *$'000*
Revenue of the Group	-	-	566,842	22,264	16,067	19,227	624,400
Gross proceeds from securities trading of the Group	-	-	-	-	59,041	-	59,041
Share of revenue of associates and joint ventures	3,279,414	-	356,164	6,042	-	-	3,641,620
	3,279,414	-	923,006	28,306	75,108	19,227	4,325,061
EBITDA*	15,418	-	826,694	100,421	13,899	923	957,355
Depreciation and amortisation**	-	-	(116,160)	(5,196)	(6)	(7)	(121,369)
Segment results - EBIT	15,418	-	710,534	95,225	13,893	916	835,986
Corporate and other expenses***							(68,311)
Finance costs							(53,455)
Profit before taxation							714,220
Taxation							(212,461)
Profit for the year							501,759

* Gain on disposal of an associate of about $847,628,000 and impairment loss on property, plant and equipment of about $148,049,000 had been recognised in the ports and logistics operating segment during the year ended 31 March 2018.

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

*** Including acquisition-related costs for potential projects of about $26,983,000 (2018: $23,012,000) and net exchange loss of $9,682,000 (2018: gain of $30,197,000).

4. *Segment information – continued*

Segment assets and liabilities

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

At 31 March 2019

	Paul Y. Engineering Group *$'000*	Ports development *$'000*	Ports and logistics *$'000*	Property *$'000*	Securities *$'000*	Treasury *$'000*	Segment total and consolidated *$'000*
ASSETS							
Segment assets	421,867	360,560	2,259,035	3,396,561	610,544	577,962	7,626,529
Unallocated assets							41,964
Consolidated total assets							7,668,493
LIABILITIES							
Segment liabilities	-	-	1,016,799	1,198,278	8,460	121,799	2,345,336
Unallocated liabilities							13,581
Consolidated total liabilities							2,358,917

At 31 March 2018

	Paul Y. Engineering Group *$'000*	Ports development *$'000*	Ports and logistics *$'000*	Property *$'000*	Securities *$'000*	Treasury *$'000*	Segment total and consolidated *$'000*
ASSETS							
Segment assets	516,795	405,204	2,379,708	3,499,062	540,387	763,683	8,104,839
Unallocated assets							14,495
Consolidated total assets							8,119,334
LIABILITIES							
Segment liabilities	-	-	1,158,580	1,197,381	15,866	121,674	2,493,501
Unallocated liabilities							13,041
Consolidated total liabilities							2,506,542

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 certain bank balances and cash, interests in joint ventures and other receivables, and segment liabilities exclude corporate liabilities which are mainly certain 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.

4. *Segment information – continued*

Geographical information

The Group's operations are mainly located in Hong Kong and 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:

	2019 **$'000**	2018 *$'000*
Hong Kong	**57,780**	28,841
The PRC other than Hong Kong	**561,360**	589,426
Others	**9,228**	6,133
	628,368	624,400

5. *Other income*

Other income includes:

	2019 **$'000**	2018 *$'000*
Bank and other interest income	**3,343**	4,910
Rental income from short term leasing of stock of properties	**2,422**	2,942
Dividend income from investment in an equity instrument	**919**	–

6. *Other gains and losses*

	2019 **$'000**	2018 *$'000*
(Loss) gain on changes in fair value of investments in debt instruments held for trading	**(11,633)**	2,355
Gain (loss) on changes in fair value of investments in equity instruments held for trading	**311**	(8,350)
Gain on change in fair value of other financial asset	**12,461**	8,539
Net exchange (loss) gain	**(9,682)**	30,197
Gain (loss) on disposal of property, plant and equipment	**2,471**	(328)
Gain on disposal of investment properties	**2,155**	597
Gain on disposal of prepaid lease payments	**44,121**	60
	40,204	33,070

7. Impairment loss reversed (recognised) on financial assets

	2019 **$'000**	2018 $'000
Impairment loss reversed (recognised) on loans receivable	**20,429**	(21,000)
Impairment loss recognised on trade and other receivables	**(41)**	(31,874)
Impairment loss recognised on amounts due from associates	**(275)**	–
	20,113	(52,874)

8. Finance costs

	2019 **$'000**	2018 $'000
Borrowing costs on:		
Bank borrowings	**44,261**	67,756
Amounts due to associates	**–**	102
Amounts due to non-controlling interests	**5,092**	5,195
Imputed interest expense on other payables	**873**	990
Other borrowings	**7,677**	2,824
	57,903	76,867
Less: Amount capitalised in respect of construction in progress (included in property, plant and equipment)	**(11,232)**	(8,730)
Amount capitalised in respect of properties under development for sale (included in stock of properties)	**(9,776)**	(10,152)
Amount capitalised in respect of investment properties under development	**(4,888)**	(4,530)
	32,007	53,455

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.

9. *Profit before taxation*

	2019 $'000	2018 $'000
Profit before taxation has been arrived at after charging (crediting):		
Amortisation of other intangible assets:		
Amount provided for the year	**1,032**	33,252
Less: Amount capitalised in respect of properties under development for sale (included in stock of properties)	**(46)**	(47)
	986	33,205
Cost of inventories recognised as an expense	**107,083**	113,628
Depreciation of property, plant and equipment:		
Amount provided for the year	**50,366**	88,337
Less: Amount capitalised in respect of properties under development for sale (included in stock of properties)	**(94)**	(125)
Amount capitalised in respect of construction in progress (included in property, plant and equipment)	**(4)**	–
Amount capitalised in respect of investment properties under development	**(34)**	(48)
	50,234	88,164
Release of prepaid lease payments	**5,151**	5,606
Total interest income (included in revenue and other income)	**(69,140)**	(39,884)

10. *Taxation*

	2019 *$'000*	2018 *$'000*
Taxation charge (credit) comprises:		
Hong Kong Profits Tax:		
Current year	**15**	109
Underprovision in prior years	**23**	–
	38	109
Taxation arising in the PRC excluding Hong Kong:		
Current year	**9,449**	167,829
(Over)underprovision in prior years	**(509)**	381
	8,940	168,210
Deferred taxation		
Land Appreciation Tax ("LAT")	**8,049**	33,298
Others	**7,701**	10,844
	15,750	44,142
Taxation attributable to the Company and its subsidiaries	**24,728**	212,461

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first $2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above $2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

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.

For the year ended 31 March 2018, the taxation arising in the PRC excluding Hong Kong included an income tax charge of about $154,369,000, which represented the PRC income tax charged on the gain on disposal of an associate. The capital gain derived from equity rights transfer by a non-resident enterprise, representing the difference between the transfer price and the cost of equity rights, is subjected to a tax rate of 10%.

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.

11. *Earnings per share*

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

	2019 **$'000**	2018 $'000
Profit for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share	**49,208**	477,390

	2019 **Number of shares**	2018 Number of shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	**5,519,580,572**	5,414,865,837
Effect of dilutive potential ordinary shares in respect of share options exercised	**–**	164,659
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**5,519,580,572**	5,415,030,496

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

12. *Distribution*

No dividend was recognised as distribution during both years.

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 2019 (2018: Nil).

13. *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 2018	274,703	474,102	601,735	1,350,540
Exchange realignment	(16,002)	(27,619)	(35,050)	(78,671)
Transfer from property, plant and equipment and prepaid lease payments	2,386	-	-	2,386
Additions	3,285	-	8,940	12,225
Disposal	(717)	-	-	(717)
Net increase in fair value recognised in the consolidated income statement	5,633	17,578	15,507	38,718
At 31 March 2019	269,288	464,061	591,132	1,324,481

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.

14. *Stock of properties*

	2019 ***$'000***	2018 *$'000*
Properties under development for sale (note a)	**1,129,309**	1,179,235
Completed properties held for sale (note b)	**427,555**	448,021
	1,556,864	1,627,256

notes:

(a) At 31 March 2019, properties under development for sale amounting to about $368,101,000 (2018: $386,512,000) are carried at net realisable value.

(b) At 31 March 2019, completed properties held for sale amounting to about $240,368,000 (2018: $240,478,000) are carried at net realisable value.

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

Included in trade and other debtors, deposits and prepayments are trade debtors of about $126,219,000 (2018: $100,146,000). The Group's credit terms for trade debtors normally range from 30 days to 90 days. The Group does not hold any collateral over the balances (2018: Nil). 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:

	2019 **$'000**	2018 $'000
Within 90 days	**109,263**	82,625
More than 90 days and within 180 days	**16,240**	17,271
More than 180 days	**716**	250
	126,219	100,146

16. *Trade and other creditors and accrued expenses*

Included in trade and other creditors and accrued expenses are trade creditors of about $103,297,000 (2018: $75,059,000) and their ageing analysis presented based on the invoice date at the end of the reporting period is as follows:

	2019 **$'000**	2018 $'000
Within 90 days	**86,645**	54,242
More than 90 days and within 180 days	**3,456**	4,512
More than 180 days	**13,196**	16,305
	103,297	75,059

17. *Event after the reporting period*

Subsequent to the end of the reporting period, on 22 May 2019, the Group entered into a conditional agreement with an independent third party for the disposal of its entire investment of 51% equity interest in 宜昌港務集團有限責任公司 (Yichang Port Group Limited) (the "Disposal") at a consideration of RMB377,400,000 (equivalent to about $429,000,000), subject to adjustment. Further details of the Disposal were disclosed in the Company's announcement dated 22 May 2019 and the circular dated 10 June 2019. The Disposal has not been completed as at the date of this announcement.

FINAL DIVIDEND

The Board of PYI has resolved not to recommend payment of a final dividend for the year ended 31 March 2019 (2018: Nil).

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of PYI will be closed during the period from Monday, 2 September 2019 to Thursday, 5 September 2019, both dates inclusive, during which period no transfer of share(s) of PYI will be registered for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2019 Annual General Meeting (the "2019 AGM") to be held on Thursday, 5 September 2019. In order to be eligible to attend and vote at the 2019 AGM, all transfer document(s), accompanied by the relevant share certificate(s), must be lodged with PYI's branch share registrar in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (see Note), for registration not later than 4:30 p.m. on Friday, 30 August 2019.

Note: Tricor Secretaries Limited will change its address to Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong with effect from 11 July 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF FINANCIAL PERFORMANCE AND POSITION

For the year ended 31 March 2019, the Group recorded a consolidated revenue of about $628 million (2018: $624 million), representing a mild increase of about 1% from last year. After taking into account of (a) the gross proceeds from securities trading and (b) the share of revenue of associates and joint ventures, the total revenue and gross proceeds were about $5,310 million (2018: $4,325 million), representing an increase of 23% from last year which was due to the increase in share of revenue of associates and joint ventures contributed mainly by Paul Y. Engineering Group.

The Group's gross profit increased by 7% from last year to about $209 million (2018: $196 million), which represented a gross margin of 33% (2018: 31%) of the consolidated revenue. Overall improvement in gross profit of the Group during the year was mainly attributable to the increase in interest income from securities and treasury segments as benefited from the enlarged portfolio of investments in debt instruments held for trading and loans receivable.

The Group's distribution and selling expenses decreased by 55% to about $54 million (2018: $120 million), mainly due to absence of a one-off accelerated depreciation and amortisation in value of LPG fueling station assets (including LPG plant and machinery and related intangible assets) of about $69 million in last year.

During the year, the Group recorded a profit before taxation of about $89 million (2018: $714 million), which was composed of:

(i) net gain of about $20 million (2018: $15 million) in Paul Y. Engineering Group mainly engaged in management contracting and property development management businesses;
(ii) net gain of about $1 million (2018: Nil) in ports development business;
(iii) net gain of about $104 million (2018: $710 million) in ports and logistics business;
(iv) net gain of about $25 million (2018: $95 million) in property business;
(v) net gain of about $27 million (2018: $14 million) in securities business;
(vi) net gain of about $56 million (2018: $1 million) in treasury business;
(vii) net corporate and other expenses of about $112 million (2018: $68 million), which included acquisition-related costs of about $27 million (2018: $23 million) and net exchange loss of about $10 million (2018: gain of about $30 million); and
(viii) finance costs of about $32 million (2018: $53 million).

Net profit for the year attributable to the owners of PYI was about $49 million (2018: $477 million) and basic earnings per share was 0.9 cent (2018: 8.8 cents). The decrease in profitability from last year was mainly due to the net effect of (a) absence of a net gain after tax on disposal of 45% equity interest in Nantong Port Group of about $693 million; (b) absence of charging a one-off accelerated depreciation and amortisation and an impairment provision in value of LPG business assets of Minsheng Gas in total of about $209 million after crediting deferred tax credit of about $8 million; and (c) a one-off gain on disposal of about $47 million in current year arising from the resumption of land and properties of a CNG station of Minsheng Gas by Wuchang Government under the Old City Conversion Project.

When compared with the Group's financial position as at 31 March 2018, total assets decreased by 6% to about $7,668 million (2018: $8,119 million). As at 31 March 2019, net current assets amounted to about $2,235 million (2018: $2,660 million), whereas current ratio deriving from the ratio of current assets to current liabilities decreased to 3.06 times (2018: 4.11 times). After taking into account (a) the net profit of about $49 million; (b) the decrease in carrying amount of equity investments not held for trading of about $61 million recognised in investment revaluation reserve; (c) the Renminbi exchange deficits of about $150 million arising from translation of foreign operations; (d) change in accounting policies effect in reducing opening retained profits by about $104 million, equity attributable to owners of PYI decreased by 6% to about $4,446 million (2018: $4,712 million), representing $0.81 (2018: $0.85) per share as at 31 March 2019.

Net cash inflow from operating activities was about $85 million (2018: outflow of about $787 million) and that net cash outflow from investing activities was about $26 million (2018: inflow of about $1,507 million). Net cash outflow from financing activities was about $99 million (2018: $669 million), mainly resulted from net repayment of bank and other borrowings during the year. Consequently, there was a net decrease in available cash and cash equivalents of about $40 million (2018: net increase of about $51 million) during the year.

REVIEW OF OPERATIONS AND BUSINESS DEVELOPMENT

Ports and Logistics

During the year, the remaining ports and logistics business of PYI sustained to deliver stable performance after the disposal of Nantong Port Group. Nonetheless, PYI takes heed of the challenging economic landscape ahead through enhancement of operational efficiency measures.

Yichang Port Group (51% owned)

Yichang Port Group contributed about $38 million (2018: $34 million) to the segment's operating profit for the year. Yichang Port successfully captured the growing demand of lower margin dry cargo loading (e.g. ore and gravel) and multi-modal transportation, which successfully boosted the cargo throughput during the period as well as mitigated the impact of the decline in demand of container transshipment services.

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, as well as container services in its 62.4%-owned Yunchi terminals, shipping agent, cargo agent, port logistics and port equipment rental services and commodities trading in Yichang Port.

Annual cargo throughput of Yichang Port Group for the year ended 31 March 2019 increased by 30% to about 13 million tonnes (2018: 10 million tonnes). Its annual container throughput decreased by 12% to about 141,000 TEUs (2018: 160,000 TEUs).

Jiangyin Sunan Container Terminal (40% owned)

Jiangyin Sunan contributed about $13 million (2018: loss of $7 million, due to a one-off write-off of premium on land acquisition right of about $18 million) to the segment's operating profit for the year.

Jiangyin Sunan is situated at New Harbour District of New Harbour City in Jiangyin City and occupies a land area of 0.49 sq km, shorelines of 589 m long at outer port and 1,090 m long at inner port with 11 berths. It is principally engaged in containers loading and discharging as well as the storage, maintenance, washing and leasing of containers.

Annual container throughput of Jiangyin Sunan in 2018 increased by 6% to about 574,000 TEUs (2017: 541,000 TEUs).

Jiaxing International Feeder Port (90% owned)
Jiaxing International Feeder Port contributed about $7 million (2018: $8 million) to the segment's operating profit for the year. Its operating result was affected by drop in containers throughput due to the decline in demand for imported raw materials by local enterprises.

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 which are principally engaged in loading, discharging and storage of containers. 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 2019 decreased by 16% to about 156,000 TEUs (2018: 186,000 TEUs).

LPG, CNG and Logistics (100% owned)
Minsheng Gas contributed about $46 million (2018: loss of $216 million, due to accelerated depreciation and amortisation of LPG fueling station assets of about $69 million and write-down on value of LPG storage tank farm of about $148 million) to the segment's operating profit for the year mainly due to a net gain on disposal of about $47 million arising from the resumption of land and properties of a CNG station by Wuchang Government under the Old City Conversion Project.

Currently, Minsheng Gas owns and operates the largest LPG storage-tank farm and a river terminal in mid-stream Yangtze, and has seven LPG and five CNG automotive fueling stations in Wuhan City. Competition from CNG sector continued to put pressure on the sale volume and profit margin of Minsheng Gas's LPG distribution business in Wuhan City, while Minsheng Gas is well positioned for the conversion of the remaining LPG fueling stations into CNG to enhance the profitability and sale performance.

The PRC Government has made a strong commitment to reduce the carbon emission at the 2015 United Nations Climate Change Conference in Paris and has issued policies to speed up the development of clean energy such as LNG. Given that LNG is more efficient in terms of storage and long-distance transportation as compared to piped natural gas, there is tremendous growth potential for LNG and LNG storage and infrastructure development. As such, Minsheng Gas intends to seize the opportunity to expand into the LNG sector.

Ports Development

Yangkou Port (9.9% owned)
The Group's 9.9% equity interest in Yangkou Port Co contributed dividend income of about $1 million (2018: Nil) to the segment's operating profit for the year.

Yangkou Port is an offshore type deep-sea harbour along the South East Coast of Jiangsu Province, which 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 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 2019, the investment in Yangkou Port Co was stated at fair value of about $361 million (2018: $405 million).

Engineering Business

Paul Y. Engineering (48.2% owned)

Paul Y. Engineering contributed about $20 million (2018: $15 million) to the segment's operating profit for the year ended 31 March 2019. The increase was mainly attributable to the accounting impact in adoption of new accounting standards which increase the profit of Paul Y. Engineering.

During the year, Paul Y. Engineering recorded a revenue of about $9,348 million (2018: $6,800 million) and secured new contracts of about $14,599 million (2018: $9,844 million) in aggregate value. As at 31 March 2019, the total value of contracts on hand of Paul Y. Engineering was about $32,722 million (2018: $31,538 million) and the value of work remaining was about $20,277 million (2018: $15,090 million).

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. For over 70 years, 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, airport runways, railways, tunnels, port works, water and sewage treatment facilities etc.

Property

The property business recorded an operating profit of about $25 million (2018: $95 million) for the year which was mainly attributable to the net gain on fair value changes of investment properties of about $39 million (2018: $128 million), before the relevant deferred tax charge of about $15 million (2018: $61 million). A provision for doubtful receivables of about $32 million was included in the operating result for the last 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 2019, about 6.89 sq km (2018: 6.89 sq km) out of the 11.5 sq km land bank had reached the developing stage or the developed and serviced stage. The development status of the 11.5 sq km land bank was summarised as follows:

Area (sq km)	Stage of development	Intended purpose	Classification
0.88	Developed land	Rental/Capital appreciation	Investment properties
2.00	Land under development	Rental/Capital appreciation	Investment properties
2.09	Developed land	Sale	Stock of properties
1.89	Land under development	Sale	Stock of properties
0.03	Developed land	Self-use	Prepaid lease payment
4.61	Pending development	Undetermined	Project under development
11.50			

The investment properties of about 2.88 sq km are measured at fair value of about $1,055 million (2018: $1,076 million) and recorded a net gain on revaluation of about $33 million (2018: $134 million) for the year.

As at 31 March 2019, 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, was rented out for hotel operation and classified as investment properties. The investment properties recorded a gain on fair value change of about $1 million for the year (2018: loss of $10 million). The Group holds a gross floor area of about 13,000 sq m (2018: 13,000 sq m) of "Nantong International Trade Center" for sale. The building contributed rental income of about $3 million (2018: $5 million) to the Group during the year.

In the main urban district of Yichang City, the Group holds certain commercial, residential and industrial properties with gross floor area of about 145,000 sq m (inclusive of commercial shops of about 5,000 sq m) through Yichang Port Group for rental and were classified as investment properties as at 31 March 2019. The investment properties recorded a gain on fair value changes of about $5 million (2018: $4 million) and contributed rental income of about $9 million (2018: $10 million) to the Group 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 $11 million (2018: $12 million) during the year and its occupancy reached about 96% as at 31 March 2019.

Securities

The securities business recorded operating profit of about $27 million (2018: $14 million) to the Group for the year which was mainly attributable to the interest income from investments in debt instruments of about $28 million (2018: $16 million) as benefited from the enlarged average portfolio on the investment in debt instruments held for trading during the current year. While the gain on change in fair value of other financial asset of about $12 million (2018: $9 million) is offset by the net loss on changes in fair value of investments in equity and debt instruments held for trading of about $11 million (2018: $6 million).

As at 31 March 2019, the Group's portfolio in securities business mainly consisted of (a) the investment in debt instruments held for trading amounted to about $299 million (2018: $320 million), equivalent to about 4% (2018: 4%) of the Group's total assets; (b) investment in equity instruments held for trading amounted to about $310 million (2018: $36 million), equivalent to about 4% (2018: 0.4%) of the Group's total assets. At 31 March 2018, the Group had unlisted convertible securities amounted to about $184 million (2019: Nil), equivalent to about 2% (2019: Nil) of the Group's total assets.

The ongoing China-US trade disputes might continue to intensify the risks of fair value loss and downward pressure in Hong Kong and global securities market which raises challenges to the Group's securities segment in future. The Group will continue to monitor its portfolio of investments in diversified securities products to achieve satisfactory return in the coming year.

Treasury

The treasury business contributed about $56 million (2018: $1 million) to the Group's operating profit for the year. The operating profit of the current year was mainly attributable to (a) interest income from loans receivable of about $38 million (2018: $19 million) due to higher average amount of loans advanced to borrowers; and (b) net reversal of provision on loans receivable of about $20 million (2018: provision of $21 million).

As at 31 March 2019, carrying amounts of the Group's portfolio of (a) high-yield loans receivable amounted to about $230 million (2018: $373 million), equivalent to about 3% (2018: 5%) of the Group's total assets; and (b) interest-bearing borrowings to an associate of about $69 million (2018: $75 million), equivalent to about 1% (2018: 1%) of the Group's total assets.

The Group will continue to exploring for business opportunities under prudent credit strategy and maintain a healthy loan portfolio with a view to contribute a stable and favorable income stream to the Group.

MATERIAL ACQUISITION AND DISPOSAL

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

EVENT AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, on 22 May 2019, the Group entered into a conditional agreement with an independent third party for the disposal of its entire investment of 51% equity interest in 宜昌港務集團有限責任公司 (Yichang Port Group Limited) (the “Disposal”) at a consideration of RMB377.4 million (equivalent to about $429 million), subject to adjustment.

OUTLOOK

Trades and logistics have maintained steady performance in this year. In light of current government policies which assert particular emphasis on the more efficient utilisation of port assets in Yangtze River region by way of consolidation of ownership and operations, PYI will, in line with such policies, continue to focus on capturing potential divestment opportunities to further crystalise the value of its Yangtze Strategy and refocus on other bulk commodities with higher growth potential, in particular LNG as well as exploring into other alternative business opportunities with a view to enhance the PYI shareholders' value.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 March 2019, the Group had total assets of $7,668 million (2018: $8,119 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 eight 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 2019, the Group's total borrowings amounted to about $1,140 million (2018: $1,247 million) with about $770 million (2018: $539 million) repayable on demand or within one year and about $370 million (2018: $708 million) repayable after one year, which comprised bank and other borrowings and amounts due to non-controlling interests that were interest bearing. Borrowings denominated in Hong Kong dollar of about $120 million (2018: $130 million) bore interest at floating rate and about $1 million (2018: $1 million) bore interest at fixed rate. Borrowings denominated in Renminbi of about $528 million (2018: $562 million) bore interest at floating rate and about $491 million (2018: $538 million) bore interest at fixed rate. At 31 March 2018, borrowings denominated in United States Dollar of about $16 million (2019: Nil) bore interest at fixed rate. The Group's gearing ratio was 0.26 (2018: 0.26), which was calculated based on the total borrowings of about $1,140 million (2018: $1,247 million) and the Group's shareholders' funds of about $4,446 million (2018: $4,712 million).

Cash, bank balances and deposits of the Group as at 31 March 2019 amounted to about $518 million (2018: $607 million), of which about $295 million (2018: $345 million) was denominated in Renminbi, about $165 million (2018: $259 million) was denominated in Hong Kong dollar and about $58 million (2018: $3 million) was denominated in other currencies mainly in United States Dollar. The balance of about $0.1 million (2018: $31 million) had been pledged to bank to secure general credit facilities granted to the Group. As at 31 March 2019, the Group had a net debt position (being bank borrowings net of cash, bank balances and deposits) of about $392 million (2018: $437 million).

CONTINGENT LIABILITY

As at 31 March 2019, the Group provided guarantee to a bank of about $5.8 million (2018: Nil) in respect of a bank facility granted to a third party.

PLEDGE OF ASSETS

As at 31 March 2019, certain property interests, property, plant and equipment, debt instruments and securities account, bank balances and trade receivables of the Group with an aggregate value of about $1,102 million (2018: $1,010 million) were pledged to banks and financial institutions to secure general credit facilities granted to the Group. The Company's investments in certain subsidiaries of about $279 million pledged for the credit facilities at 31 March 2018 were released during the year.

COMMITMENTS

As at 31 March 2019, 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 properties interests in a total amount of about $54 million (2018: $48 million).

NUMBER OF EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2019, the Group employed a total of 1,343 (2018: 1,432) 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 2018 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") for the year ended 31 March 2018.

Throughout the year ended 31 March 2019, 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 not less 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 2019.

REVIEW OF ACCOUNTS

The Group's results for the year ended 31 March 2019 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 2019 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 website at www.pyicorp.com under "Investors" and the website of Hong Kong Exchanges and Clearing Limited ("HKEx") at www.hkexnews.hk under "Listed Company Information". The 2019 Annual Report will be despatched to shareholders of PYI and posted on the aforesaid websites in July 2019.

ANNUAL GENERAL MEETING

The 2019 AGM is scheduled to be held on Thursday, 5 September 2019. Notice of the 2019 AGM will be published on the websites of both HKEx 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, 21 June 2019

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 Sue Ka Lok	:	Executive Director
Ms Wu Yan Yee	:	Executive Director
Mr Chan Shu Kin	:	Independent Non-Executive Director
Ms Wong Lai Kin, Elsa	:	Independent Non-Executive Director
Mr Leung Chung Ki	:	Independent Non-Executive Director