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).)

2017 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 2017.

FINANCIAL HIGHLIGHTS

	2017	2016	Change
Revenue			
– the Group	$554 million	$488 million	+14%
– share of associates and joint ventures	$3,847 million	$5,303 million	-27%
Gross profit	$172 million	$152 million	+13%
Loss attributable to shareholders	$(34) million	$(298) million	-89%
Loss per share	(0.7) cent	(6.5) cents	-89%
Shareholders' funds	$4,009 million	$4,300 million	-7%
Net asset value per share	$0.87	$0.94	-7%

RESULTS

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2017

	Notes	2017 $'000	2016 $'000
Revenue			
The Company and its subsidiaries	3	**553,977**	488,052
Share of associates and joint ventures		**3,846,593**	5,303,231
		4,400,570	5,791,283
Group revenue	3	**553,977**	488,052
Cost of sales		**(381,816)**	(336,312)
Gross profit		**172,161**	151,740
Other income	4	**11,586**	24,731
Administrative expenses		**(143,122)**	(146,876)
Distribution and selling expenses		**(49,623)**	(89,170)
Other gains and losses	5	**(29,408)**	(44,252)
Other expenses		**(29,135)**	(45,765)
Finance costs	6	**(63,288)**	(74,880)
Provision for stock of properties		**–**	(214,315)
Net gain (loss) on fair value changes of investment properties	11	**1,697**	(169,532)
Share of results of associates		**101,140**	134,527
Share of results of joint ventures		**5,291**	(436)
Loss before taxation	7	**(22,701)**	(474,228)
Taxation	8	**(1,318)**	112,695
Loss for the year		**(24,019)**	(361,533)
(Loss) profit for the year attributable to:			
Owners of the Company		**(34,143)**	(297,902)
Non-controlling interests		**10,124**	(63,631)
		(24,019)	(361,533)
Basic loss per share	9	**(0.7) cent**	(6.5) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2017

	2017 **$'000**	2016 $'000
Loss for the year	**(24,019)**	(361,533)
OTHER COMPREHENSIVE EXPENSE		
Item that will not be reclassified to profit or loss		
Change in carrying amount of investments in equity instruments	**(62,352)**	(91,529)
Items that may be subsequently reclassified to profit or loss		
Exchange differences arising from translation of foreign operations	**(164,136)**	(125,604)
Share of exchange differences of associates and joint ventures	**(79,129)**	(64,520)
Other comprehensive expense for the year	**(305,617)**	(281,653)
Total comprehensive expense for the year	**(329,636)**	(643,186)
Total comprehensive expense for the year attributable to:		
Owners of the Company	**(292,780)**	(547,034)
Non-controlling interests	**(36,856)**	(96,152)
	(329,636)	(643,186)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2017

	Notes	**2017 $'000**	2016 $'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,414,065**	1,522,323
Investment properties	*11*	**1,089,605**	1,137,733
Project under development		**171,200**	180,269
Prepaid lease payments		**281,110**	303,903
Other intangible assets		**43,146**	51,935
Interests in associates		**1,747,635**	1,787,506
Interests in joint ventures		**85,304**	84,900
Investments in equity instruments		**451,816**	514,222
Other non-current assets		**83,097**	89,202
		5,366,978	5,671,993
CURRENT ASSETS			
Prepaid lease payments		**4,510**	4,834
Stock of properties	*12*	**1,464,070**	1,528,231
Inventories of finished goods		**23,399**	45,795
Loans receivable		**62,100**	56,000
Dividend receivable from an associate		**16,061**	–
Amounts due from associates		**32,648**	30,511
Amount due from a joint venture		**161**	–
Trade and other debtors, deposits and prepayments	*13*	**260,166**	268,560
Investments in equity instruments held for trading		**51,700**	58,562
Pledged bank deposits		**113**	152,176
Short term bank deposits		**184,079**	311,988
Bank balances and cash		**315,571**	297,163
		2,414,578	2,753,820
CURRENT LIABILITIES			
Trade and other creditors and accrued expenses	*14*	**263,721**	299,387
Amounts due to associates		**36,666**	100,924
Amount due to a joint venture		**254**	125
Amounts due to non-controlling interests		**2,257**	2,392
Taxation payable		**8,306**	5,505
Bank and other borrowings – due within one year		**1,311,705**	1,289,156
		1,622,909	1,697,489
NET CURRENT ASSETS		**791,669**	1,056,331
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,158,647**	6,728,324

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2017

	2017 **$'000**	2016 *$'000*
NON-CURRENT LIABILITIES		
Bank and other borrowings – due after one year	**446,222**	739,954
Amounts due to non-controlling interests	**94,808**	7,177
Deferred tax liabilities	**726,330**	782,773
Deferred income	**58,617**	49,024
Other payables	**24,064**	26,241
	1,350,041	1,605,169
	4,808,606	5,123,155
CAPITAL AND RESERVES		
Share capital	**458,741**	457,736
Reserves	**3,550,433**	3,841,840
Equity attributable to owners of the Company	**4,009,174**	4,299,576
Non-controlling interests	**799,432**	823,579
TOTAL EQUITY	**4,808,606**	5,123,155

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2017

	2017 **$'000**	2016 *$'000*
Net cash from (used in) operating activities	**6,326**	(91,807)
Net cash from investing activities	**143,166**	256,683
Net cash used in financing activities	**(252,626)**	(183,418)
Net decrease in cash and cash equivalents	**(103,134)**	(18,542)
Effect of foreign exchange rate changes	**(6,367)**	(8,602)
Cash and cash equivalents brought forward	**609,151**	636,295
Cash and cash equivalents carried forward	**499,650**	609,151
Analysis of the balances of cash and cash equivalents		
Short term bank deposits	**184,079**	311,988
Bank balances and cash	**315,571**	297,163
	499,650	609,151

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 new and amendments to HKFRSs issued by the HKICPA for the first time in the current year:

HKFRS 14	Regulatory Deferral Accounts
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 - 2014 Cycle

The application of the new and 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 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, 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, land under development and projects 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 earnings or loss before interest expense and tax ("EBIT or LBIT") and earnings or loss before interest expense, tax, depreciation and amortisation ("EBITDA or LBITDA").

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 2017

	Paul Y. Engineering Group *$'000*	Ports development *$'000*	Ports and logistics *$'000*	Property *$'000*	Treasury *$'000*	Segment total and consolidated *$'000*
REVENUE	**-**	**-**	**532,631**	**10,819**	**10,527**	**553,977**
EBITDA (LBITDA)	**29,015**	**-**	**171,035**	**(2,919)**	**20,513**	**217,644**
Depreciation and amortisation*	**-**	**-**	**(49,636)**	**(6,741)**	**(68)**	**(56,445)**
Segment results – EBIT (LBIT)	**29,015**	**-**	**121,399**	**(9,660)**	**20,445**	**161,199**
Corporate and other expenses**						**(120,612)**
Finance costs						**(63,288)**
Loss before taxation						**(22,701)**
Taxation						**(1,318)**
Loss for the year						**(24,019)**

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)

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

** Including acquisition-related costs for potential projects of about $21,354,000 (2016: $32,058,000) and net exchange loss of $28,139,000 (2016: $33,041,000).

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 2017

	Paul Y. Engineering Group *$'000*	Ports development *$'000*	Ports and logistics *$'000*	Property *$'000*	Treasury *$'000*	Segment total and consolidated *$'000*
ASSETS						
Segment assets	**554,369**	**358,916**	**3,374,608**	**3,100,606**	**378,654**	**7,767,153**
Unallocated assets						**14,403**
Consolidated total assets						**7,781,556**
LIABILITIES						
Segment liabilities	**-**	**-**	**1,157,660**	**1,131,743**	**671,058**	**2,960,461**
Unallocated liabilities						**12,489**
Consolidated total liabilities						**2,972,950**

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

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:

	2017	2016
	$'000	*$'000*
Hong Kong	**7,135**	8,574
The PRC other than Hong Kong	**543,760**	475,400
Others	**3,082**	4,078
	553,977	488,052

4. *Other income*

Other income includes:

	2017	2016
	$'000	*$'000*
Bank and other interest income	**7,191**	19,560
Rental income from short term leasing of stock of properties	**3,283**	4,082

5. *Other gains and losses*

	2017	2016
	$'000	*$'000*
Gain (loss) on changes in fair value of investments in equity instruments held for trading	**5,724**	(5,177)
Impairment loss recognised on other receivables	**(3,163)**	(307)
Reversal of bad debt written off	**648**	945
Net exchange loss	**(28,139)**	(33,041)
Loss on disposal of property, plant and equipment	**(4,478)**	(6,672)
	(29,408)	(44,252)

6. Finance costs

	2017 **$'000**	2016 $'000
Borrowing costs on:		
Bank borrowings	**77,437**	89,054
Amounts due to associates	**1,474**	7,775
Amounts due to non-controlling interests	**1,001**	115
Imputed interest expense on other payables	**1,079**	1,303
Other borrowings	**2,475**	3,237
	83,466	101,484
Less: Amount capitalised in respect of construction in progress (included in property, plant and equipment)	**(8,601)**	(17,598)
Amount capitalised in respect of properties under development for sale (included in stock of properties)	**(8,375)**	(7,147)
Amount capitalised in respect of investment properties under development	**(3,202)**	(1,859)
	63,288	74,880

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 before taxation

	2017 **$'000**	2016 $'000
Loss before taxation has been arrived at after charging (crediting):		
Amortisation of other intangible assets:		
Amount provided for the year	**1,526**	1,867
Less: Amount capitalised in respect of properties under development for sale (included in stock of properties)	**(45)**	(12)
	1,481	1,855
Cost of inventories recognised as an expense (including provision for stock of properties)	**137,436**	381,187
Depreciation of property, plant and equipment:		
Amount provided for the year	**55,224**	89,850
Less: Amount capitalised in respect of properties under development for sale (included in stock of properties)	**(146)**	(265)
Amount capitalised in respect of construction in progress (included in property, plant and equipment)	**(66)**	(88)
Amount capitalised in respect of investment properties under development	**(48)**	(49)
	54,964	89,448
Release of prepaid lease payments	**5,486**	6,031
Dividend income from investments in equity instruments held for trading	**(2,542)**	(2,607)
Total interest income (included in revenue and other income)	**(15,176)**	(29,932)

8. *Taxation*

	2017 **$'000**	2016 $'000
Taxation charge (credit) comprises:		
Taxation arising in the PRC excluding Hong Kong:		
Current year	**13,899**	6,592
Under(over)provision in prior years	**171**	(2,286)
	14,070	4,306
Deferred taxation		
Land Appreciation Tax ("LAT")	**(5,384)**	(98,667)
Others	**(7,368)**	(18,334)
	(12,752)	(117,001)
Taxation attributable to the Company and its subsidiaries	**1,318**	(112,695)

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. *Basic loss per share*

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

	2017 **$'000**	2016 $'000
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	**(34,143)**	(297,902)

	2017 **Number of shares**	2016 Number of shares
Weighted average number of ordinary shares for the purpose of basic loss per share	**4,577,663,388**	4,577,360,572

The computation of diluted loss per share for both years does not assume the exercise of the Company's share options which will result in decrease in loss per share.

10. *Distribution*

	2017 **$'000**	2016 $'000
Dividends recognised as distribution during the year:		
Final cash dividend declared for the year ended 31 March 2016 – Nil (2016: 0.5 cent for the year ended 31 March 2015) per share	**-**	22,887

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 2017 (2016: Nil).

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 2016	247,781	301,435	588,517	1,137,733
Exchange realignment	(14,196)	(17,031)	(33,274)	(64,501)
Transfer from property, plant and equipment, other intangible assets and prepaid lease payments	6,766	-	-	6,766
Additions	-	-	7,910	7,910
Net increase (decrease) in fair value recognised in the consolidated income statement	5,010	1,149	(4,462)	1,697
At 31 March 2017	245,361	285,553	558,691	1,089,605

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 which are 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*

	2017 ***$'000***	2016 *$'000*
Properties under development for sale (note a)	**1,056,262**	1,094,786
Completed properties held for sale (note b)	**407,808**	433,445
	1,464,070	1,528,231

notes:

(a) At 31 March 2017, properties under development for sale amounting to about $340,802,000 (2016: $368,598,000) are carried at net realisable value, with provision for stock of properties of about $188,176,000 being recognised during the year ended 31 March 2016.

(b) At 31 March 2017, completed properties held for sale amounting to about $218,603,000 (2016: $231,698,000) are carried at net realisable value, with provision for stock of properties of about $26,139,000 being recognised during the year ended 31 March 2016.

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 $105,901,000 (2016: $107,439,000). The Group does not hold any collateral over the balances. The ageing analysis of the trade debtors, net of allowance for doubtful debts, presented based on the invoice date at the end of the reporting period is as follows:

	2017 **$'000**	2016 $'000
Within 90 days	**73,428**	59,217
More than 90 days and within 180 days	**17,336**	33,108
More than 180 days	**15,137**	15,114
	105,901	107,439

14. Trade and other creditors and accrued expenses

Included in trade and other creditors and accrued expenses are trade creditors of about $65,421,000 (2016: $80,869,000) and their ageing analysis presented based on the invoice date at the end of the reporting period is as follows:

	2017 **$'000**	2016 $'000
Within 90 days	**49,873**	56,146
More than 90 days and within 180 days	**672**	728
More than 180 days	**14,876**	23,995
	65,421	80,869

15. Event after the reporting period

On 12 May 2017, a total of 915,470,000 new shares have been placed by the placing agent to not less than six independent placees at the price of $0.156 per share. The net proceeds of about $139 million is expected to be used for working capital of the Group.

The 915,470,000 placing shares represent (i) about 19.94% of the issued share capital of the Company immediately before completion of the placing and (ii) about 16.63% of the issue share capital of the Company as enlarged by the allotment and issue of the new shares.

FINAL DIVIDEND

The Board of PYI has resolved not to recommend payment of a final dividend for the year ended 31 March 2017 (2016: Nil).

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of PYI will be closed during the period from Tuesday, 29 August 2017 to Friday, 1 September 2017, 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 2017 Annual General Meeting of PYI (the "2017 AGM") to be held on Friday, 1 September 2017. In order to be eligible to attend and vote at the 2017 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, for registration not later than 4:00 p.m. on Monday, 28 August 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF FINANCIAL PERFORMANCE AND POSITION

For the year ended 31 March 2017, the Group recorded a consolidated revenue of about $554 million (2016: $488 million), representing an increase of about 14% from last year. The growth in consolidated revenue was mainly attributed to higher contribution from ports and logistics business segment. After taking into account the share of revenue of associates and joint ventures, the revenue was about $4,401 million (2016: $5,791 million), representing a decrease of 24% from last year which was mainly affected by the drop in revenue from contract work of Paul Y. Engineering.

The Group's gross profit increased by 13% from last year to about $172 million (2016: $152 million), which represented a gross margin of 31% (2016: 31%) of the consolidated revenue. As benefited from the increased coal throughput and the commencement of commercial operation of Yichang Port Group's Yunchi terminal phase one during the year, the revenue of ports and logistics business segment was escalated and resulted in an overall improvement in gross profit of the Group.

The Group's distribution and selling expenses decreased by 44% to about $50 million (2016: $89 million). The considerable reduction in distribution costs was mainly attributable to (a) an one-off write-down in value of LPG assets of about $37 million that was incurred solely in last year for the upgrade of LPG distribution facilities and (b) implementation of effective cost control measures during the year.

During the year, the Group recorded a loss before taxation of about $23 million (2016: $474 million), which was composed of:

(i) net gain of about $29 million (2016: $27 million) in Paul Y. Engineering Group mainly engaged in management contracting and property development management businesses;
(ii) net gain of about $121 million (2016: $96 million) in ports and logistics business;
(iii) net loss of about $10 million (2016: $409 million) in property business;
(iv) net gain of about $20 million (2016: $24 million) in treasury business;
(v) net corporate and other expenses of about $120 million (2016: $137 million), which included acquisition-related costs of about $21 million (2016: $32 million) and net exchange loss of about $28 million (2016: $33 million); and
(vi) finance costs of about $63 million (2016: $75 million).

Net loss for the year attributable to the owners of PYI was about $34 million (2016: $298 million) and basic loss per share was 0.7 cent (2016: 6.5 cents). The net loss was mainly attributable to an exchange loss arising from Renminbi denominated monetary assets for the year of about $28 million (2016: $33 million). The decrease in net loss was mainly due to the absence of (a) a provision made for certain stock of properties under development and (b) net fair value loss of certain investment properties recorded in last year.

When compared with the Group's financial position as at 31 March 2017, total assets decreased by 8% to about $7,782 million (2016: $8,426 million) as being affected by the aforesaid Renminbi depreciation. As at 31 March 2017, net current assets amounted to about $792 million (2016: $1,056 million), whereas current ratio deriving from the ratio of current assets to current liabilities decreased to 1.49 times (2016: 1.62 times). After taking into account (a) the net loss of about $34 million; (b) the decrease in carrying amount of equity investments not held for trading of about $62 million recognised in investment revaluation reserve; (c) the Renminbi exchange deficit arising from translation of foreign operations of about $197 million; and (d) the proceeds from exercise of share options of about $2 million, equity attributable to owners of PYI was decreased by 7% to about $4,009 million (2016: $4,300 million), representing $0.87 (2016: $0.94) per share as at 31 March 2017.

Net cash inflow from operating activities was about $6 million (2016: outflow of about $92 million) and that from investing activities was about $143 million (2016: $256 million). Net cash outflow from financing activities was about $252 million (2016: $183 million), resulting in a net decrease in available cash and cash equivalents of about $103 million (2016: $19 million) during the year.

REVIEW OF OPERATIONS AND BUSINESS DEVELOPMENT

Ports and Logistics

The ports and logistics business of PYI delivered stable performance during the year, which most of our ports recorded a satisfactory increase in both cargo throughput and container throughput. Nonetheless, PYI takes heed of the challenging economic landscape ahead through enhancement of operational efficiency measures.

Nantong Port Group (45% owned)

Nantong Port Group contributed about $62 million (2016: $99 million) to the segment's operating profit for the year. The decrease in contribution was caused by the decline in iron ore handling fee due to increasing market competition and the absence of one-off subsidy recorded in last year.

Nantong Port is a China's category-one national port 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 Port Group owns a shoreline of 4.2 km and a land mass of 1.6 sq km with 4 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 cargo throughput of Nantong Port Group in 2016 increased by 1% to about 66.5 million tonnes (2015: 66.1 million tonnes), while the container throughput in 2016 increased by 3% to 574,000 TEUs (2015: 558,000 TEUs).

In response to the new national policy on the development plan of Yangtze River Economic Belt (長江經濟帶發展規劃綱要) (published in September 2016) and the consequential measures implemented by the provincial and local government, promoting, among others, the more efficient utilisation of port assets in Yangtze River region by way of consolidation of ownership and operations, the Group has been engaging in ongoing negotiation on the possible divestment of our equity interest in Nantong Port Group.

Yichang Port Group (51% owned)

Yichang Port Group contributed about $37 million (2016: $17 million) to the segment's operating profit for the year. During the year, it achieved growth in both revenue and gross profit as being benefited from the increased coal throughput, as well as the increased container traffic in Yunchi terminal phase one which commenced commercial operation in May 2016.

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 2017 increased by 15% to about 8.4 million tonnes (2016: 7.3 million tonnes). Its annual container throughput increased by 26% to 167,000 TEUs (2016: 133,000 TEUs).

Jiangyin Sunan Container Terminal (40% owned)
Jiangyin Sunan continued to provide a satisfactory contribution of about $10 million (2016: $8 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 2016 increased by 4% to 476,000 TEUs (2015: 457,000 TEUs).

Jiaxing International Feeder Port (90% owned)
Jiaxing International Feeder Port contributed about $12 million (2016: $7 million) to the segment's operating profit for the year. Although container throughput of the port was affected by keen competition from nearby container feeder ports, it strives to attain a higher profit margin through high yield product mix.

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 2017 decreased by 11% to about 164,000 TEUs (2016: 184,000 TEUs).

LPG, CNG and Logistics (100% owned)
The LPG and CNG distribution and logistics businesses of Minsheng Gas achieved a breakeven segment result (2016: operating loss of about $35 million) during the year. Although Minsheng Gas reduced its sales price of both LPG and CNG in order to maintain its market share, it succeeded to control its gas procurement cost so as to attain a steady gross margin. Consequently, its LPG and CNG retail and distribution business is generating satisfactory operating profit as well as operating cash inflow to Minsheng Gas. Despite its logistics business is not profitable which affected the overall operating result, Minsheng Gas is committed to strengthen its profitability and sale performance through enhancement of logistics measures and capturing new market opportunities from nation-wide promotion of eco-friendly fuels.

Minsheng Gas owns and operates the largest LPG storage-tank farm and a river terminal in mid-stream Yangtze, and has nine LPG and five CNG fueling stations in Wuhan City. Through its mature wholesale and distribution network, it has captured a substantial share of the Wuhan LPG market for automotive consumption. The increase of CNG in the product mix by Minsheng Gas this year has delivered a more stable profit margin and CNG shall continue to be a key contributor to the result of Minsheng Gas.

Ports Development

Yangkou Port (9.9% owned)
The Group's 9.9% equity interest in Yangkou Port Co did not contribute dividend income to the segment's operating profit for the year (2016: Nil).

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 2017, the investment in Yangkou Port Co was stated at fair value of about $359 million (2016: $422 million).

Engineering Business

Paul Y. Engineering (48.2% owned)
Paul Y. Engineering contributed about $29 million (2016: $27 million) to the segment's operating profit for the year ended 31 March 2017. Despite the drop in revenue from contract work, it maintained stable profitability through effective control of its operating costs.

During the year, Paul Y. Engineering recorded a revenue of about $6,954 million (2016: $9,960 million) and secured new contracts of about $9,657 million (2016: $4,891 million) in aggregate value. As at 31 March 2017, the total value of contracts on hand of Paul Y. Engineering was about $27,227 million (2016: $23,521 million) and the value of work remaining was about $11,424 million (2016: $7,589 million). Paul Y. Engineering will persist in strengthening its business by exploring partnerships with clients and actively introducing new technologies and techniques.

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 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, railways, tunnels, port works, water and sewage treatment facilities etc.

Property

The property business recorded an operating loss of about $10 million (2016: $409 million) for the year. The operating loss was mainly attributable to the net development expenses for resort projects at Xiao Yangkou of about $8 million (2016: $14 million) incurred and the drop in sale of properties during the year. The significant drop in operating loss during the year was attributable to (a) the absence of a provision made for certain stock of properties situated at Xiao Yangkou in view of postponement in their property development and sale plan of about $214 million made in last year; and (b) the net gain on fair value changes of investment properties of about $2 million (2016: net loss of about $170 million) was recorded.

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 2017, about 6.88 sq km (2016: 6.88 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	Classification
0.88	Developed land	Investment properties
2.00	Land under development	Investment properties
2.11	Developed land	Stock of properties
1.89	Land under development	Stock of properties
4.62	Pending development	Project under development
11.50		

The investment properties of about 2.88 sq km are measured at fair value of about $844 million (2016: $890 million) and recorded a net loss on revaluation of about $3 million (2016: $154 million) for the year.

As at 31 March 2017, certain stock of properties amounting to about $559 million (2016: $600 million) was stated at net realisable value. In last year, a provision for stock of properties of about $214 million was recognised to the consolidated income statement.

As at 31 March 2017, 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 and were classified as investment properties. The investment properties did not record fair value change for the year (2016: loss of about $19 million). The Group also holds a gross floor area of about 14,000 sq m of "Nantong International Trade Center" for sale. The building contributed rental income of about $7 million (2016: $8 million) to the Group during the year.

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 119,000 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 2017. The investment properties recorded a gain on revaluation of about $5 million (2016: $3 million) and contributed rental income of about $7 million (2016: $7 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 through joint ventures for 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 (2016: $12 million) during the year and its occupancy reached about 96% as at 31 March 2017.

Treasury

The treasury investments contributed about $20 million (2016: $24 million) to the Group's operating profit for the year. During the year, listed securities held for trading recorded a fair value gain of about $6 million (2016: loss of about $5 million) and generated dividend income of about $2 million (2016: $3 million). The high-yield loans and Renminbi bank deposits in Hong Kong generated interest income of about $12 million (2016: $26 million).

As at 31 March 2017, (a) total value of the Group's portfolio of listed securities held for trading amounted to about $52 million (2016: $59 million), equivalent to about 0.7% (2016: 0.7%) of the Group's total assets; and (b) portfolio of high-yield loans receivable amounted to about $62 million (2016: $56 million), equivalent to about 0.8% (2016: 0.7%) of the Group's total assets.

It is our intention to review and reposition the operations of this business segment with a view to expand our treasury investment and securities trading activities as well as exploring for opportunities to diversify into provision of financial services in order to enhance the overall return in this area.

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

On 12 May 2017, a total of 915,470,000 new shares of the Company have been placed by a placing agent to not less than six independent placees at the price of $0.156 per share raising a net amount of about $139 million.

OUTLOOK

With our group of port network along the Yangtze River, PYI has been well positioned to capitalise on the new opportunities under the One Belt One Road Strategy which emphasizes on global connectivity and economic growth in the region that we operate in. However, in view of the national policy on the development plan of Yangtze River Economic Belt (長江經濟帶發展規劃綱要) (published in September 2016) and the consequential implementation measures, promoting, among others, the more efficient utilisation of port assets in Yangtze River region by way of consolidation of ownership and operations, it is time for PYI to review our options on how to cope with this new national policy. The Group is also considering options to further improve financial liquidity and to support future growth. Looking forward, PYI will continue with the ports operations and resort development as well as exploring for alternative business opportunities.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 March 2017, the Group had total assets of $7,782 million (2016: $8,426 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 ten 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 2017, the Group's total borrowings amounted to about $1,866 million (2016: $2,110 million) with about $1,325 million (2016: $1,363 million) repayable on demand or within one year and about $541 million (2016: $747 million) repayable after one year, which comprised (a) bank and other borrowings; and (b) amounts due to non-controlling interests and associates that were interest bearing. Borrowings denominated in Hong Kong dollar of about $702 million (2016: $935 million) bore interest at floating rate and about $1 million (2016: Nil) bore interest at fixed rate. Borrowings denominated in Renminbi of about $597 million (2016: $705 million) bore interest at floating rate and about $566 million (2016: $470 million) bore interest at fixed rate. The Group's gearing ratio was 0.47 (2016: 0.49), which was calculated based on the total borrowings of about $1,866 million (2016: $2,110 million) and the Group's shareholders' funds of about $4,009 million (2016: $4,300 million).

Cash, bank balances and deposits of the Group as at 31 March 2017 amounted to about $500 million (2016: $761 million), of which about $311 million (2016: $468 million) was denominated in Renminbi, about $186 million (2016: $293 million) was denominated in Hong Kong dollar and about $3 million (2016: $0.2 million) was denominated in other currencies. The balance of about $0.1 million had been pledged to banks to secure general credit facilities granted to the Group (2016: $152 million, which included about RMB89 million (equivalent to about $107 million) deposited in Hong Kong to secure banking facilities denominated in Hong Kong dollar and available in Hong Kong). As at 31 March 2017, the Group had a net debt position (being bank borrowings net of cash, bank balances and deposits) of about $1,193 million (2016: $1,241 million).

CONTINGENT LIABILITY

As at 31 March 2017, the Group had no contingent liability (2016: Nil).

PLEDGE OF ASSETS

As at 31 March 2017, certain property interests, property, plant and equipment and bank balances of the Group with an aggregate value of about $924 million (2016: $988 million), as well as the Company's investments in certain subsidiaries of about $445 million (2016: $445 million) were pledged to banks and financial institutions to secure general credit facilities granted to the Group.

COMMITMENTS

As at 31 March 2017, 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 $11 million (2016: $9 million).

NUMBER OF EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2017, the Group employed a total of 1,486 (2016: 1,581) 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 2016 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 2016.

Throughout the year ended 31 March 2017, 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 2017.

REVIEW OF ACCOUNTS

The Group's results for the year ended 31 March 2017 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 2017 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 2017 Annual Report will be despatched to shareholders of PYI and posted on the aforesaid websites in July 2017.

ANNUAL GENERAL MEETING

The 2017 AGM is scheduled to be held on Friday, 1 September 2017. Notice of the 2017 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, 23 June 2017

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 Mok Yat Fan, Edmond	:	Independent Non-Executive Director