PYI Corporation Limited

(Incorporated in Bermuda with limited liability)
(Stock Code: 498)

(Financial figures in this announcement are expressed in Hong Kong dollars ("$") unless otherwise specified)

2012 INTERIM RESULTS

The board of directors (the "Board") of PYI Corporation Limited ("PYI" or the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2011.

FINANCIAL HIGHLIGHTS

	9/2011	Change
Turnover	$2,649 million	+4%
Gross profit	$238 million	+25%
Profit attributable to shareholders	$331 million	+86%
EPS	7.3 cents	+87%
Special DPS (paid in October 2011)	2 cents	N/A
Shareholders' funds	$4,583 million	+2%
NAV per share	$1.01	+2%

RESULTS

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2011

	Notes	Unaudited Six months ended 30 September 2011 $'000	2010 $'000
Turnover			
The Company and its subsidiaries	3	**2,649,177**	2,557,029
Share of associates and jointly controlled entities		**736,113**	226,963
		3,385,290	2,783,992
Group turnover	3	**2,649,177**	2,557,029
Cost of sales		**(2,411,606)**	(2,366,248)
Gross profit		**237,571**	190,781
Other income	4	**46,578**	17,528
Other gains and losses	5	**(273)**	2,703
Administrative expenses		**(128,343)**	(141,810)
Distribution and selling expenses		**(41,083)**	(42,128)
Other expenses		**(9,291)**	(8,435)
Finance costs	6	**(39,939)**	(43,084)
Gain on fair value changes of investment properties		**536**	297,102
Gain on disposal of a subsidiary	21(b)	**389,061**	–
Gain on disposal of an associate		**5,517**	–
Share of results of associates		**21,078**	117,145
Share of results of jointly controlled entities		**9,235**	(221)
Profit before taxation	7	**490,647**	389,581
Taxation	8	**(144,399)**	(128,753)
Profit for the period		**346,248**	260,828
Profit for the period attributable to:			
Owners of the Company		**330,653**	178,124
Non-controlling interests		**15,595**	82,704
		346,248	260,828
Basic and diluted earnings per share	9	**7.3 cents**	3.9 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 September 2011

	Unaudited Six months ended 30 September 2011 $'000	2010 $'000
Profit for the period	**346,248**	260,828
OTHER COMPREHENSIVE (EXPENSE) INCOME		
Exchange differences arising from translation of foreign operations	**145,072**	99,191
Reclassification adjustment of translation reserve upon disposal of a subsidiary	**(230,797)**	–
Reclassification adjustment on disposal of available-for-sale investments	**(265)**	(66)
Loss on fair value changes of available-for-sale investments	**(92)**	(58)
Other comprehensive (expense) income for the period	**(86,082)**	99,067
Total comprehensive income for the period	**260,166**	359,895
Total comprehensive income for the period attributable to:		
Owners of the Company	**217,170**	250,146
Non-controlling interests	**42,996**	109,749
	260,166	359,895

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2011

	Notes	Unaudited 30.9.2011 $'000	Audited 31.3.2011 $'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	**1,497,632**	1,369,085
Investment properties	12	**752,467**	727,811
Project under development		**480,691**	490,121
Prepaid lease payments		**318,823**	312,864
Goodwill		**61,646**	61,646
Other intangible assets		**170,651**	171,990
Interests in associates	13	**1,164,784**	1,132,027
Interests in jointly controlled entities		**15,350**	4,065
Available-for-sale investments	14	**361,941**	1,270
Loans receivable – due after one year		**14,913**	–
Other debtors – non-current portion	16	**968,958**	196,319
		5,807,856	4,467,198
CURRENT ASSETS			
Stock of properties	15	**1,098,999**	1,098,800
Prepaid lease payments		**4,350**	4,229
Inventories of finished goods		**23,473**	29,240
Loans receivable – due within one year		**98,885**	113,147
Amounts due from associates		**23,844**	42,929
Amounts due from jointly controlled entities		**39,184**	22,956
Amount due from a non-controlling interest		**1,227**	1,188
Amounts due from customers for contract works		**260,969**	258,350
Trade and other debtors, deposits and prepayments	16	**2,111,617**	1,651,066
Investments held for trading		**36,699**	46,942
Available-for-sale investments	14	**78**	91
Taxation recoverable		**2**	2
Pledged bank deposits		**800,410**	83,532
Short term bank deposits		**630,775**	371,277
Bank balances and cash		**571,101**	657,799
		5,701,613	4,381,548
Assets classified as held for sale	21(b)	**—**	6,046,209
		5,701,613	10,427,757
CURRENT LIABILITIES			
Amounts due to customers for contract works		**881,485**	947,938
Trade and other creditors and accrued expenses	17	**1,796,049**	1,230,931
Deposits received for pre-sale properties		**101,938**	237,048
Amounts due to jointly controlled entities		**38,840**	45,000
Amounts due to associates		**78,726**	66,268
Amounts due to non-controlling interests		**25,079**	24,276
Amount due to a related company		**201**	233
Dividend payable		**135,874**	–
Taxation payable		**18,383**	20,213
Bank and other borrowings – due within one year	18	**1,746,719**	1,255,304
		4,823,294	3,827,211
Liabilities associated with assets classified as held for sale	21(b)	**—**	3,301,463
		4,823,294	7,128,674
NET CURRENT ASSETS		**878,319**	3,299,083
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,686,175**	7,766,281

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2011

	Notes	Unaudited 30.9.2011 $'000	Audited 31.3.2011 $'000
NON-CURRENT LIABILITIES			
Bank and other borrowings – due after one year	18	**787,979**	738,585
Amounts due to non-controlling interests		**19,632**	19,002
Deferred tax liabilities	19	**498,221**	484,377
Deferred income		**32,531**	25,181
Other payables		**132,919**	173,576
		1,471,282	1,440,721
		5,214,893	6,325,560
CAPITAL AND RESERVES			
Share capital	20	**452,913**	452,913
Reserves		**4,130,210**	4,047,700
Equity attributable to owners of the Company		**4,583,123**	4,500,613
Non-controlling interests		**631,770**	1,824,947
TOTAL EQUITY		**5,214,893**	6,325,560

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 September 2011

	Unaudited Six months ended 30 September 2011 $'000	2010 $'000
Net cash (used in) from operating activities	**(275,889)**	422,914
Net cash used in investing activities	**(96,098)**	(343,922)
Net cash from (used in) financing activities	**408,265**	(40,486)
Net increase in cash and cash equivalents	**36,278**	38,506
Effect of foreign exchange rate changes	**8,181**	5,139
Cash and cash equivalents brought forward	**1,157,417**	999,032
Cash and cash equivalents carried forward	**1,201,876**	1,042,677
Analysis of the balances of cash and cash equivalents		
Short term bank deposits	**630,775**	468,562
Bank balances and cash	**571,101**	574,115
	1,201,876	1,042,677

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. *Basis of preparation*

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") (the "Listing Rules") and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. *Principal accounting policies*

The condensed 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.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2011 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2011.

In the current interim period, the Group has applied, for the first time, the following new or revised standard, amendments and interpretation (“new or revised HKFRSs”) issued by the HKICPA.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related Party Disclosures
HK(IFRIC) - Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) - Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the above new or revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

The Group has not early applied the following new or revised standards, amendments and interpretation that have been issued but are not yet effective.

HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosures of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[3]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[2]
HKAS 19 (as revised 2011)	Employee Benefits[4]
HKAS 27 (as revised 2011)	Separate Financial Statements[4]
HKAS 28 (as revised 2011)	Investments in Associates and Joint Ventures[4]
HKFRS 7 (Amendments)	Disclosures - Transfers of Financial Assets[1]
HKFRS 9	Financial Instruments[4]
HK(IFRIC) - Int 20	Stripping Costs in the Production Phase of a Surface Mine[4]

[1] Effective for annual periods beginning on or after 1 July 2011
[2] Effective for annual periods beginning on or after 1 January 2012
[3] Effective for annual periods beginning on or after 1 July 2012
[4] Effective for annual periods beginning on or after 1 January 2013

2. *Principal accounting policies - continued*

The new or revised standards on consolidation, joint arrangements and disclosures were issued by the HKICPA in June 2011 and are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five new or revised standards are applied early at the same time. The directors of the Company anticipate that these new or revised standards will be applied in the Group's consolidated financial statements for financial year ending 31 March 2014 and the potential impact is described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements. Under HKFRS 10, there is only one basis for consolidation, that is control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios. Overall, the application of HKFRS 10 requires a lot of judgment. The application of HKFRS 10 might result in the Group no longer consolidating some of its investees, and consolidating investees that were not previously consolidated.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, there are two types of joint arrangements: joint ventures and joint operations. The classification in HKFRS 11 is based on parties' rights and obligations under the arrangements. In contrast, under HKAS 31, there are three different types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting. The application of HKFRS 11 might result in changes in the classification of the Group's joint arrangements and their accounting treatments.

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

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

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

3. *Segment information*

The operating segments of the Group is determined based on information reported to the Group's chief operating decision maker (the Managing Director of the Company) for the purposes of resources allocation and performance assessment.

The information focuses more specifically on the strategic operation and development of each business units and its performance is evaluated through organising similar business units into an operating segment. The Group’s operating and reportable segments are as follows:

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

Ports development - Development of ports facilities and ports related properties

Ports and logistics - Operation of ports, liquefied petroleum gas and logistics businesses

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

Treasury - Provision of credit services and securities trading

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

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

3. *Segment information - continued*

Segment revenues and results

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

Six months ended 30 September 2011

	Paul Y. Engineering Group $'000	Ports develop-ment $'000	Ports and logistics $'000	Property $'000	Treasury $'000	Segment total $'000	Elimin-ations $'000	Consolid-ated $'000
TURNOVER								
External revenue	**2,043,369**	**9,090**	**264,388**	**327,631**	**4,699**	**2,649,177**	**-**	**2,649,177**
Inter-segment revenue	**23,928**	**-**	**-**	**124**	**-**	**24,052**	**(24,052)**	**-**
Total	**2,067,297**	**9,090**	**264,388**	**327,755**	**4,699**	**2,673,229**	**(24,052)**	**2,649,177**
EBITDA	**33,884**	**391,719**	**63,404**	**68,292**	**40,928**	**598,227**	**(3,474)**	**594,753**
Depreciation and amortisation	**(11,177)**	**(613)**	**(22,642)**	**(507)**	**(1)**	**(34,940)**	**-**	**(34,940)**
Segment result - EBIT*	**22,707**	**391,106**	**40,762**	**67,785**	**40,927**	**563,287**	**(3,474)**	**559,813**
Corporate and other expenses**								**(29,227)**
Finance costs								**(39,939)**
Profit before taxation								**490,647**
Taxation								**(144,399)**
Profit for the period								**346,248**

Six months ended 30 September 2010

	Paul Y. Engineering Group $'000	Ports develop-ment $'000	Ports and logistics $'000	Property $'000	Treasury $'000	Segment total $'000	Elimin-ations $'000	Consolid-ated $'000
TURNOVER								
External revenue	2,230,921	33,027	268,680	17,456	6,945	2,557,029	-	2,557,029
Inter-segment revenue	733	-	-	117	-	850	(850)	-
Total	2,231,654	33,027	268,680	17,573	6,945	2,557,879	(850)	2,557,029
EBITDA	29,103	313,474	158,581	18,213	1,575	520,946	(5,872)	515,074
Depreciation and amortisation	(7,421)	(13,992)	(28,485)	(232)	(1)	(50,131)	-	(50,131)
Segment result - EBIT	21,682	299,482	130,096	17,981	1,574	470,815	(5,872)	464,943
Corporate and other expenses**								(32,278)
Finance costs								(43,084)
Profit before taxation								389,581
Taxation								(128,753)
Profit for the period								260,828

* During the six months ended 30 September 2011, segment result of ports development included the gain on disposal of a subsidiary of about $389,061,000 (2010: Nil) (note 21(b)).

** Including acquisition-related costs of about $9,291,000 (2010: $8,435,000).

3. *Segment information - continued*

Segment assets

The following is an analysis of the Group's assets by operating segments:

At 30 September 2011

	Paul Y. Engineering Group $'000	Ports develop-ment $'000	Ports and logistics $'000	Property $'000	Treasury $'000	Segment total $'000	Elimin-ations $'000	Consolid-ated $'000
ASSETS								
Segment assets	**2,921,109**	**695,766**	**3,181,563**	**2,577,848**	**2,277,623**	**11,653,909**	**(159,100)**	**11,494,809**
Unallocated assets								**14,660**
Consolidated total assets								**11,509,469**

At 31 March 2011

	Paul Y. Engineering Group $'000	Ports develop-ment $'000	Ports and logistics $'000	Property $'000	Treasury $'000	Segment total $'000	Elimin-ations $'000	Consolid-ated $'000
ASSETS								
Segment assets	2,771,648	276,131	3,002,888	2,617,633	164,352	8,832,652	(148,764)	8,683,888
Assets classified as held for sale	-	4,950,579	-	1,095,630	-	6,046,209	-	6,046,209
Unallocated assets								164,858
Consolidated total assets								14,894,955

Segment assets comprise assets of the operating subsidiaries that are engaged in different businesses. Accordingly, segment assets exclude corporate assets which are mainly bank balances and cash and other receivables held by the non-operating entities. Owing to the fact that certain bank balances and cash are held directly by the operating subsidiaries as at 30 September 2011, and hence such assets are included as segment assets as at 30 September 2011, but were included in unallocated assets as at 31 March 2011, unallocated assets as at 30 September 2011 only amounted to about $14,660,000 (31.3.2011: $164,858,000).

4. *Other income*

The following items are included in other income:

	Unaudited Six months ended 30 September	
	2011 $'000	2010 $'000
Interest income from deferred consideration receivable	**31,123**	–
Other interest income	**9,101**	2,510
Rental income from short term leasing of stock of properties	**4,855**	15,018

5. *Other gains and losses*

	Unaudited Six months ended 30 September	
	2011	2010
	$'000	*$'000*
Change in fair value of investments held for trading (note)	**(21,178)**	(3,938)
Gain on disposal of prepaid lease payments and related other intangible assets	**—**	4,052
Gain on disposal of available-for-sale investments	**265**	47
Gain on disposal of property, plant and equipment	**555**	171
Impairment loss (recognised) recovered on receivables	**(1,704)**	2,371
Exchange gain arising from deferred consideration receivable	**21,789**	—
	(273)	2,703

Note:

Fair value of investments held for trading was stated at quoted bid price as at 30 September 2011.

6. *Finance costs*

	Unaudited Six months ended 30 September	
	2011	2010
	$'000	*$'000*
Borrowing costs on:		
Bank borrowings wholly repayable within five years	**54,307**	67,276
Bank borrowings not wholly repayable within five years	**9,662**	7,776
Amounts due to non-controlling interests wholly repayable within five years	**1,618**	314
Amounts due to non-controlling interests not wholly repayable within five years	**111**	115
Imputed interest expense on other payables	**1,145**	1,322
Effective interest on convertible notes wholly repayable within five years	**—**	548
Other borrowings wholly repayable within five years	**2,599**	8,362
	69,442	85,713
Less: Amount capitalised in respect of contracts in progress	**(329)**	(175)
Amount capitalised in respect of property, plant and equipment	**(13,337)**	(9,683)
Amount capitalised in respect of project under development	**(8,532)**	(15,843)
Amount capitalised in respect of stock of properties	**(7,305)**	(16,928)
	39,939	43,084

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

7. *Profit before taxation*

	Unaudited Six months ended 30 September 2011 $'000	2010 $'000
Profit before taxation has been arrived at after charging (crediting):		
Amortisation of intangible assets (included in distribution and selling expenses)	**6,659**	6,317
Cost of construction works recognised as an expense	**1,990,879**	2,136,722
Cost of inventories recognised as an expense	**347,892**	145,098
Depreciation of property, plant and equipment		
Amount provided for the period	**31,371**	46,040
Less: Amount capitalised in respect of contracts in progress	**(1,296)**	(626)
Amount capitalised in respect of property, plant and equipment	**(489)**	(127)
Amount capitalised in respect of project under development	**(1)**	(221)
Amount capitalised in respect of stock of properties	**(1,304)**	(1,252)
	28,281	43,814
Total interest income (included in turnover and other income)	**(44,923)**	(9,455)
Release of prepaid lease payments	**2,132**	2,045

8. *Taxation*

	Unaudited Six months ended 30 September 2011 $'000	2010 $'000
The charge comprises:		
Taxation arising in jurisdictions outside Hong Kong:		
Current period	**147,580**	4,114
Overprovision in prior periods	**(1,011)**	(447)
	146,569	3,667
Deferred taxation (note 19)		
LAT	**—**	70,671
Others	**(2,170)**	54,415
	(2,170)	125,086
Taxation attributable to the Company and its subsidiaries	**144,399**	128,753

No tax is payable on the profit for both periods arising in Hong Kong since assessable profit is wholly absorbed by tax losses brought forward.

Under the Law of The People's Republic of China (the "PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate is 25% for the Group's subsidiaries in the PRC from 1 January 2008 onwards. Pursuant to the relevant laws and regulations in the PRC, a PRC subsidiary of the Group was exempted from PRC income tax for two years starting from its first profit making year, followed by a 50% reduction for the next three years which expired in 2010.

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

8. *Taxation - continued*

The current period taxation arising in jurisdictions outside Hong Kong includes an income tax charge of about $126,832,000 (2010: Nil), which represents the PRC income tax charged on the gain on disposal of 50.1% equity interest in Jiangsu YangKou Port Development and Investment Co., Ltd. ("Yangkou Port Co") (see note 21(b) for details). According to the EIT Law effective from 1 January 2008 and its Implementation Regulation, 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 subject 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 1 January 1994 as well, all income from the sale or transfer of land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value as calculated according to the Provisional Regulations of the PRC on LAT and its Detailed Implementation Rules.

During the six months ended 30 September 2010, the deferred taxation charge for LAT of about $70,671,000 (2011: Nil) and others of about $53,041,000 (2011: Nil) were arising from the fair value changes of investment properties during last period.

9. *Basic and diluted earnings per share*

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on profit for the period attributable to owners of the Company amounted to about $330,653,000 (2010: $178,124,000) and the number of ordinary shares of 4,529,125,134 (2010: 4,529,125,134).

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

10. *Distribution*

	Unaudited Six months ended 30 September	
	2011	2010
	$'000	*$'000*
Dividends recognised as distribution during the period:		
Final dividend declared for the year ended 31 March 2011 – HK1 cent (2010: Nil) per share	**45,291**	–
Special cash dividend declared for the current period – HK2 cents (2010: Nil) per share	**90,583**	–
	135,874	–

The directors do not recommend the payment of an interim dividend for the six months ended 30 September 2011 and 30 September 2010.

11. *Movements in property, plant and equipment*

During the period, additions to the Group's property, plant and equipment amounted to about $122,036,000 (2010: $168,831,000), which mainly included the cost of port under construction amounting to about $70,189,000 (2010: $129,157,000) incurred during the period.

12. *Investment properties*

	Unaudited	Audited
	30.9.2011	31.3.2011
	$'000	*$'000*
Investment properties, completed (note a)	**752,467**	2,768,951
Land under development (note b)	**—**	352,732
	752,467	3,121,683
Less : classified as held for sale	**—**	(2,393,872)
	752,467	727,811

Notes:

(a) Investment properties, completed, include formed land held for future use as investment property amounting to $483,582,000 (31.3.2011: $2,509,215,000) as at 30 September 2011. As at 31 March 2011, the Group completed the reclamation of certain sea area and obtained the certificate of completion of land reclamation (the "Certificate") issued by qualified project engineering and construction manager in respect of certain land area (the "Formed Land") in Jiangsu Province, the PRC. Upon obtaining the Certificate, such Formed Land had been recognised as land held under operating lease and classified and accounted for as investment properties as the Formed Land is held for capital appreciation purpose.

(b) As at 31 March 2011, in connection with the reclamation of certain sea area in Jiangsu Province, the PRC, the Group commenced, but not yet completed, the land leveling process (mainly representing the sand filling work to achieve leveling of the area) (the "Land Being Formed"). Upon the commencement of land leveling process, such Land Being Formed had been recognised as land being developed for future use as investment property and classified and accounted for as investment properties. The amount was derecognised upon the disposal of a subsidiary as set out in note 21(b).

The fair values of the Group's investment properties at 31 March 2011 and 30 September 2011 have been arrived at on the basis of a valuation carried out as at these dates by Asset Appraisal Limited, an independent qualified professional valuer not connected with the Group. In determining the fair value for completed investment properties including Formed Land held for future use as investment property, the comparison method is adopted under which comparison based on information of recent transacted prices of comparable property is made. Comparable property of similar size, character and location are analysed in order to arrive at a fair comparison of capital values. The valuation also takes into account the further increment arising from the approval obtained from the respective government authority during the prior period for certain portion of the Formed Land to be used for specified purposes. In determining the fair value of land under development, the same comparison method is adopted and valuation has been allowed for further costs to be expended for the development of the Land Being Formed into Formed Land. During the period ended 30 September 2010, the total gain on fair value changes of Formed Land where land leveling process was completed and Land Being Formed amounting to about $41,325,000 (2011: Nil) and about $238,426,000 (2011: Nil) respectively, had been recognised in the condensed consolidated income statement.

Deferred tax consequences in respect of the revalued investment properties are assessed on the basis that reflects the tax consequences that would follow from the manner in which the Group expects to recover the carrying amounts of the property at the end of the reporting period. For Formed Land and Land Being Formed located in the PRC, management of the Company, for the purpose of deferred tax calculation, has made a best estimate that half of the Formed Land and Land Being Formed will be realised through sale in the long term. The temporary difference of the relevant portion between the tax base of the revalued investment properties and their carrying amounts therefore would be subject to PRC LAT in addition to enterprise income tax.

12. Investment properties - continued

As at 30 September 2011, the balance of investment properties included Formed Land of about $483,582,000 (31.3.2011: $2,509,215,000). The Group has to obtain certain appropriate certificates for the disposal of the Formed Land. Based on past experience, the directors of the Company consider that there is no material impediment to obtain these certificates for the Group.

13. Interests in associates

	Unaudited 30.9.2011 $'000	Audited 31.3.2011 $'000
Cost of unlisted investments in associates, less impairment (note)	**619,520**	646,009
Share of post-acquisition profits and reserves, net of dividends received	**545,264**	486,018
	1,164,784	1,132,027

Note:

As at 30 September 2011, the unlisted investments include the Group's 40% equity interest in Jiangyin Sunan International Container Terminal Co., Ltd. ("Jiangyin Sunan"). Jiangyin Sunan is a sino-foreign joint venture enterprise registered in the PRC and operates the container terminal in Jiangyin Port, Jiangsu Province, the PRC. Apart from the investment in Jiangyin Sunan, as at 30 September 2011, the unlisted investments include the Group's 45% equity interest in Nantong Port Group Limited ("Nantong Port Group"), which is a sino-foreign joint venture enterprise registered in the PRC. Nantong Port Group is principally engaged in providing cargo loading and off loading, storage, shipping agent, cargo agent, ship anchoring, ship repairing, port machinery, shipping logistics and ship piloting services in Nantong Port, Jiangsu Province, the PRC.

14. Available-for-sale investments

During the period, addition to the Group's available-for-sale investments amounted to about $361 million (2010: Nil), which represents the Group's 9.9% equity interest in Yangkou Port Co. The Group disposed of 50.1% equity interest in Yangkou Port Co during the current period (see note 21(b) for details) and the remaining 9.9% interest was classified as an available-for-sale investment.

15. Stock of properties

Land Being Formed which are developed for future sale are recognised as properties under development for sale in stock of properties upon the commencement of the land leveling process. During the six months ended 30 September 2010, the Group had transferred the relevant costs, which included the cost of sea use rights, development expenditure, borrowing costs capitalised and other directly attributable costs, amounting to about $357,054,000 (2011: Nil) from project under development to stock of properties.

At 30 September 2011, the balance of stock of properties included Formed Land of about $402,474,000 (31.3.2011: $377,663,000). The Group has to obtain certain appropriate certificates for the disposal of the Formed Land. Based on past experience, the directors of the Company consider that there is no material impediment to obtain these certificates for the Group.

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

The Group's credit terms for the Paul Y. Engineering Group segment are negotiated at terms determined and agreed with its customers. Credit terms for ports development segment are negotiated at specific terms with customers or in connection with the completion of underlying construction work. Credit terms for customers of ports and logistics segment normally range from 30 days to 90 days. Rental income for property business is receivable according to the agreements and the credit terms granted by the Group to other debtors normally range from 30 days to 90 days.

Included in trade and other debtors, deposits and prepayments are trade debtors of about $733,702,000 (31.3.2011: $672,365,000, including trade debtors classified as held for sale of about $61,998,000). The Group does not hold any collateral over these balances. Their aged analysis, net of allowance for doubtful debts, presented based on the invoice date at the end of the reporting period is as follows:

	Unaudited	Audited
	30.9.2011	31.3.2011
	$'000	*$'000*
Within 90 days	**646,737**	519,179
More than 90 days and within 180 days	**32,899**	27,587
More than 180 days	**54,066**	125,599
	733,702	672,365

Included in other debtors is an aggregate amount of about RMB753.5 million (equivalent to about $924.5 million) (31.3.2011: Nil), which represents 50% of the consideration receivable from disposal of 50.1% in Yangkou Port Co during the current period (note 21(b)) to be satisfied by instalments, being RMB150.7 million (equivalent to about $184.9 million), RMB301.4 million (equivalent to about $369.8 million) and RMB301.4 million (equivalent to about $369.8 million) to be paid on or before 31 December 2011, 2012 and 2013, respectively. The deferred consideration receivable bears interest equivalent to the benchmark lending rate announced by the People's Bank of China and is secured by a charge on the 50.1% sale interest in Yangkou Port Co. As at 30 September 2011, the consideration receivable in amount of about $739,636,000 due after one year was shown under non-current assets and about $184,909,000 due within one year was shown under current assets.

Included in other debtors, deposits and prepayments in the condensed consolidated statement of financial position is an amount of about $261,578,000 (31.3.2011: $253,211,000) which mainly represents amounts recoverable (together with interest thereon) from an independent third party, property developer, in respect of amounts paid in previous years for a property development project in Beijing, the PRC (the "Project"). The principal amount was about $183,827,000 (31.3.2011: $177,932,000) and recoverable with the interest calculated at floating-rate interest at the benchmark lending rate as announced by the People's Bank of China plus 8% per annum. To protect the Group's interest, the Group has entered into presale contracts with the property developer for certain property units in this Project. In the opinion of the directors, the estimated portion of the amount which is expected to be recovered after twelve months from 30 September 2011 amounted to about $158,286,000 (31.3.2011: $153,211,000) and has been classified as non-current asset.

A writ of summons was served on 28 July 2011 upon PYE and two of its subsidiaries claiming for, amongst others, damages in a sum of approximately RMB780 million related to the Project. It is stated in the writ of summons that PYE and two of its subsidiaries were alleged to be in breach of certain terms contained in an alleged oral agreement (which is denied). Taken into consideration of a legal opinion, PYE is of the view that PYE and two of its subsidiaries would put up a respectable defence against the alleged claim and that it is probable that there would not be adverse material impact on the financial position of the Group.

17. *Trade and other creditors and accrued expenses*

Included in trade and other creditors and accrued expenses are trade creditors of about $600,401,000 (31.3.2011: $468,532,000) and their aged analysis at the end of the reporting period is as follows:

	Unaudited 30.9.2011 *$'000*	Audited 31.3.2011 *$'000*
Within 90 days	**534,822**	396,464
More than 90 days and within 180 days	**5,463**	11,566
More than 180 days	**60,116**	60,502
	600,401	468,532

18. *Movements in bank and other borrowings*

During the period, the Group raised new bank and other borrowings of about $1,499,741,000 (2010: $930,089,000) and repaid about $1,032,610,000 (2010: $873,779,000). The secured bank and other borrowings as at 30 September 2011 were about $1,669,412,000 (31.3.2011: $1,043,860,000). New pledged bank deposits of about $716,878,000 were used to secure bank and other borrowings raised during the period.

As at 30 September 2011, bank deposits of about $800,410,000 (31.3.2011: $83,532,000) were pledged to banks to secure general facilities granted to the Group. The pledged bank deposits included about RMB566,162,000 (equivalent to about $694,678,000) (31.3.2011: Nil) deposited in Hong Kong, which were pledged to secure banking facilities denominated in HK$ and available in Hong Kong.

19. *Deferred tax liabilities*

The following are the major deferred tax liabilities recognised and movements thereon during the current period:

	Fair value adjustment on investment properties *$'000*	**Fair value adjustment on project under development and stock of properties *$'000***	**Others *$'000***	**Total *$'000***
At 1 April 2011 (audited)	230,149	195,906	58,322	484,377
Exchange realignment	7,627	6,491	1,896	16,014
Charge (credit) to income statement	135	—	(2,305)	(2,170)
At 30 September 2011 (unaudited)	237,911	202,397	57,913	498,221

20. *Share capital*

	Number of shares	Value $'000
Ordinary shares of $0.10 each:		
Authorised:		
At 1 April 2010, 30 September 2010, 31 March 2011 and 30 September 2011	10,000,000,000	1,000,000
Issued and fully paid:		
At 1 April 2010, 30 September 2010, 31 March 2011 and 30 September 2011	4,529,125,134	452,913

21. *Acquisition/disposal of interests in subsidiaries*

(a) Acquisition of additional interests in subsidiaries

During the current period, the Group acquired a further 5.39% equity interest in Feeder Port Holdings Limited, which engages in logistic network solution, increasing its interest from 94.61% to 100% by acquiring the non-controlling interests for cash consideration of $7,000,000. The difference of about $148,000 between proportionate share of the carrying amount of its net assets and the consideration paid for the additional interest has been credited to retained profits.

(b) Disposal of a subsidiary

On 26 May 2011, the Group disposed of 50.1% equity interest in Yangkou Port Co, which is engaged in the business of development in port and related infrastructures, at a consideration of about RMB1,507 million (equivalent to about $1,807 million). Yangkou Port Co ceased to be a subsidiary of the Company and the remaining 9.9% interest in Yangkou Port Co retained by the Group is accounted for as an available-for-sale investment upon and after completion of the disposal. As at 31 March 2011, assets and liabilities of Yangkou Port Co after elimination of inter-company balances are classified as "Assets classified as held for sale" and "Liabilities associated with assets classified as held for sale", respectively.

	$'000
Net assets disposed of:	
Property, plant and equipment	**1,082,312**
Investment properties	**2,416,835**
Project under development	**1,196,116**
Stock of properties	**1,124,698**
Trade and other debtors, deposits and prepayments	**544,299**
Bank balances and cash	**69,554**
Trade and other creditors and accrued expenses	**(224,081)**
Taxation payable	**(70,535)**
Bank and other borrowings	**(1,258,993)**
Deferred tax liabilities	**(1,627,091)**
Total net assets	**3,253,114**
Less: non-controlling interests	**(1,252,559)**
	2,000,555

21. Acquisition/disposal of interests in subsidiaries - continued

(b) Disposal of a subsidiary - continued

	$'000
Gain on disposal of a subsidiary:	
Consideration received and receivable	**1,806,964**
Levies paid	**(903)**
Net assets disposed of	**(3,253,114)**
Non-controlling interests	**1,252,559**
Initial recognition at fair value of 9.9% interest in Yangkou Port Co retained by the Group as an available-for-sale investment	**352,758**
Gain on disposal before income tax and release of attributable reserve	**158,264**
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity to profit or loss on loss of control of subsidiary	**230,797**
Gain on disposal before taxation	**389,061**
Less: taxation (note 8)	**(126,832)**
Gain on disposal after taxation	**262,229**
Net cash inflow arising on disposal:	
Consideration received and receivable	**1,806,964**
Less: levies and income tax paid	**(127,735)**
Less: deferred sales proceeds classified as other receivables	**(903,482)**
Cash consideration received	**775,747**
Less: bank balances and cash disposed of	**(69,554)**
	706,193

The subsidiary disposed of during the six months ended 30 September 2011 did not contribute significantly to the revenue and results of the Group for the period ended 30 September 2011. The cash flow contributed or utilised by this subsidiary for the period was not significant.

Capital reserve in relation to the above subsidiary amounting to about $247,958,000 has been released to the retained profits upon disposal of the subsidiary.

SPECIAL DIVIDEND

Following the completion of the disposal of 50.1% interest in Jiangsu YangKou Port Development and Investment Co., Ltd. ("Yangkou Port Co") in May 2011 and taken into account of the gross proceeds of the 50% consideration, PYI has strengthened its cash position. On 24 June 2011, the Board resolved to recommend the payment of a special cash dividend of HK2 cents per share. The special dividend was approved by PYI's shareholders in the 2011 Annual General Meeting held on 16 September 2011 and paid to shareholders by post on 28 October 2011.

INTERIM DIVIDEND

The Board of PYI has resolved not to declare an interim dividend for the six months ended 30 September 2011 (2010: Nil). The Board will further consider additional capital return to and/or shares repurchased from PYI's shareholders in the second half of the financial year ending 31 March 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF FINANCIAL PERFORMANCE AND POSITION

For the six months period under review, the Group recorded a consolidated turnover of about $2,649 million (2010: $2,557 million), representing an increase of about 4% when compared with last corresponding period. The increase was mainly attributable to the rise in turnover of the property segment, which compensated the drop in turnover of the engineering arm - Paul Y. Engineering and its subsidiaries (the "Paul Y. Engineering Group").

The Group's gross profit increased by 25% to about $238 million (2010: $191 million) as compared with the corresponding last period and represented a gross margin of 9% (2010: 7%) of the consolidated turnover. Such improvement was mainly benefited from a higher profit margin contribution from the property segment during the current period. Profit before taxation of about $491 million was achieved as compared with about $390 million for the corresponding period last year. The Group's profit before taxation was composed of:

(i) net gain of about $23 million in Paul Y. Engineering Group engaged in management contracting and property development management businesses (2010: $22 million);
(ii) net gain of about $391 million in ports development business (2010: $299 million);
(iii) net gain of about $41 million in ports and logistics business (2010: $130 million);
(iv) net gain of about $68 million in property business (2010: $18 million);
(v) net gain of about $41 million in treasury business (2010: $2 million);
(vi) net corporate and other expenses (including inter-segment profit eliminations) of about $33 million (2010: $38 million) of which about $9 million was acquisition-related costs (2010: $8 million); and
(vii) finance costs of about $40 million (2010: $43 million).

Net profit for the period attributable to the owners of PYI was about $331 million (2010: $178 million) and basic earnings per share was HK7.3 cents (2010: HK3.9 cents). The increase in net profit for the period as compared with the last corresponding period was mainly attributable to the gain on disposal of 50.1% interest in Yangkou Port Co of $389 million (2010: Nil) less related income tax charge of $127 million (2010: Nil) and the increase in gross profit during the period.

When compared with the Group's financial position as at 31 March 2011, total assets decreased by 23% to about $11,509 million (31.3.2011: $14,895 million) and net current assets decreased by 73% to about $878 million (31.3.2011: $3,299 million). The changes were mainly attributable to about $740 million of deferred consideration in disposal of 50.1% of Yangkou Port Co being due after one year from 30 September 2011, whereas all assets of Yangkou Port Co disposed during the current period was classified as current assets held for sale as at 31 March 2011. Consequently, current assets decreased from 1.46 times to 1.18 times of current liabilities. After accounting for the net profit of about $331 million, surplus arising from RMB exchange translation of about $145 million net of release of translation reserve of $231 million upon disposal of Yangkou Port Co, and dividend distribution of about $136 million to PYI's shareholders, equity attributable to owners of PYI increased by 2% to about $4,583 million (31.3.2011: $4,501 million), representing $1.01 (31.3.2011: $0.99) per share as at 30 September 2011.

Net cash outflow from operating activities was about $276 million (2010: inflow of $423 million) and that from investing activities was about $96 million (2010: $344 million). Net cash inflow from financing activities was about $408 million (2010: outflow of $40 million), resulting in a net increase in available cash and cash equivalents of about $36 million (2010: $39 million) for the current period.

REVIEW OF OPERATIONS
Ports Development

Yangkou Port (9.9% owned)
Yangkou Port contributed about $391 million (2010: $299 million) to the Group's operating profit for the period under review. The profit was mainly attributable to the gain on disposal of 50.1% in Yangkou Port Co of $389 million (before related PRC income tax charge of $127 million but including release of cumulative exchange gain of $231 million reclassified from equity to profit or loss upon loss of control of subsidiary) (2010: Nil), whereas profit of the last corresponding period mainly represented gain on revaluation from land bank situated at the harbour-front industrial zone of Yangkou Port.

In order to keep in line with the PRC government plans and policies and to meet market demand, Yangkou Port has entered a stage of accelerated development. As such, extensive funding is required for the financing of the ongoing capital expenditure program. It was envisaged by the PYI's directors that earnings and cash flow in Yangkou Port Co is unlikely to be channeled to PYI and the PYI's shareholders in the short or medium term. Therefore, on 31 January 2011, the Group entered into a conditional agreement to dispose of 50.1% of its equity interest in Yangkou Port Co at a consideration of RMB1,507 million. The disposal was completed on 26 May 2011 and the Group received net cash amount of RMB647 million (being 50% of the consideration of RMB753.5 million after deduction of PRC tax and levy in the sum of RMB106.5 million). The remaining 50% of the consideration of RMB753.5 million will be satisfied by instalments, namely, RMB150.7 million, RMB301.4 million and RMB301.4 million to be paid on or before 31 December 2011, 2012 and 2013, respectively. The deferred consideration bears interest equivalent to the Standard Lending Rate announced by the People's Bank of China and is secured by a charge on the 50.1% sale interest.

The directors consider the disposal a good opportunity for PYI to further crystallise its investment value in Yangkou Port Co, to realise the accumulated unrealised profit arising from gain on revaluation of land in cash and to focus its resources in the operation and development of other ports and port-related business along the Yangtze River in the future. PYI will continue to enjoy the future growth of Yangkou Port through the remaining 9.9% equity interest, which is intended to be held for long term investment purpose and classified as an available-for-sale investment with carrying value of about $361 million as at 30 September 2011.

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

Nantong Port Group (45% owned)
Nantong Port Group contributed about $17 million (2010: $29 million) to the Group's operating profit for the period under review. Its net profit amounted to about $65 million (2010: $77 million) for the nine months ended 30 September 2011, which was affected by the increasing operating and financing costs.

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

Bulk cargo throughput in the first half of 2011 decreased by 1% to 26.1 million tonnes (2010: 26.3 million tonnes), while the container throughput in the first half of 2011 increased by 14% to 215,000 TEUs (2010: 188,000 TEUs).

Yichang Port Group (51% owned)
Yichang Port Group contributed about $24 million (2010: $15 million) to the Group's operating profit for the period under review. Its operating result was benefited from higher throughput with improved profit margin.

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

Bulk cargo throughput of Yichang Port Group for the six months ended 30 September 2011 increased by 9% to about 3.8 million tonnes (2010: 3.5 million tonnes). Its container throughput also increased by 42% to 27,000 TEUs (2010: 19,000 TEUs).

Jiangyin Sunan Container Terminal (40% owned)

Jiangyin Sunan contributed about $6 million (2010: $91 million) to the Group's operating profit for the period under review. Despite a drop in container throughout during the first half of 2011 when compared with the last corresponding period, Jiangyin Sunan achieved an improvement in turnover and gross margin by focusing on higher margin service mix.

Jiangyin Sunan is principally engaged in containers loading and unloading, storage, maintenance, washing and leasing of containers. The container terminal operated by Jiangyin Sunan is the only container terminal in Jiangyin. Its container throughput in the first half of 2011 decreased by 15% to 236,000 TEUs (2010: 278,000 TEUs).

LPG and Logistics (100% owned)

The LPG distribution and logistics businesses of Minsheng Gas recorded an operating loss of about $6 million (2010: operating loss of about $5 million) for the period under review. Owing to the suppressed price uplift for CNG during the period, the strategic plan of Minsheng Gas to improve its selling margin of LPG while capturing a larger share of automotive market in Wuhan was affected. A slight operating profit was recorded by its LPG distribution business, whereas continuing research costs incurred by its logistics business to enhance the product performance and logistics efficiency had resulted in an overall operating loss. Striving for improvement in performance, Minsheng Gas has accelerated its expansion plan by opening new stations and marketing new LPG automotive users to boost LPG usage, as well as sourcing new suppliers to sustain a stable and bargaining LPG source.

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

Paul Y. Engineering Group achieved turnover of $2,043 million (2010: $2,231 million) during the period under review, representing a decrease of about 8% as compared with that of last corresponding period. It contributed about $23 million (2010: $22 million) to the Group's operating profit during the period. The decrease in turnover was mainly attributable to certain major infrastructure projects being carried out by its joint ventures with other contractors and were excluded from the turnover of Paul Y. Engineering Group.

During the period, the management contracting division of Paul Y. Engineering Group secured new contracts totaling $3,412 million (2010: $1,505 million) in aggregate value. Subsequent to the end of the reporting period, additional contracts of about $1,848 million was secured. As at 30 September 2011, the total value of contracts on hand of Paul Y. Engineering Group was about $11,158 million (31.3.2011: $10,406 million).

Paul Y. Engineering Group has benefited from the increase in capital works expenditure in both Hong Kong and Macau markets, while the brilliant prospect of the local construction market is expected to trigger off a further competition of labours and materials leading to restraint in profit margin improvement. Paul Y. Engineering Group will concentrate more on risk analysis and forward planning to cope with clients' needs, and more resources will be put in Mainland China and Macau to capture the business expansion opportunities in these markets. With its solid foundation and professional expertise, Paul Y. Engineering Group remains confident in increasing its order book and is well-positioned to take advantage of the thriving construction market.

On 21 August 2011, Paul Y. Engineering Group Limited ("PYE"), a 61.92%-owned subsidiary of PYI listed on the Hong Kong Stock Exchange and the investment holding company of the Paul Y. Engineering Group, entered into two conditional agreements to allot a total of 3,100 million PYE placing shares at $0.65 each, with the upsize options of up to an additional 500 million PYE placing shares (the "Placing"). The Placing constitutes a deemed very substantial disposal by PYI whose percentage interest in the issued capital of PYE will be diluted from about 61.92% to about 10.14%, or to about 8.93% assuming an additional 500 million PYE placing shares were issued (the "Deemed Disposal"). PYE has announced that it is pursuing the Placing as the catalyst for a significant refocusing of PYE's business activities so as to enable PYE to fund its participation in a film joint venture.

Subsequent to the end of the reporting period, a special general meeting of PYI was convened on 17 October 2011 and the resolution to approve, ratify and confirm the Deemed Disposal and the transactions contemplated thereunder was duly approved by PYI's shareholders.

Also, a special general meeting of PYE was convened on 15 November 2011 and resolutions were duly approved by the PYE's shareholders involving the Placing; distribution in specie by PYE of 49% of its existing business which is 100% held by Paul Y. Engineering (BVI) Limited (the "PYE BVI"), a wholly-owned subsidiary of PYE (the "Distribution in Specie"); and a special cash dividend by PYE of $0.25 per PYE share. PYI has made a conditional cash alternative offer of $0.30 per PYE BVI share to all qualifying shareholders of PYE receiving the PYE BVI shares pursuant to the Distribution in Specie (the "Cash Alternative"), which PYI will acquire up to the full 18.66% stake in PYE BVI not otherwise held by PYE or PYI for an aggregate cash sum of about $69.34 million.

On completion of the Deemed Disposal, PYE will no longer be a subsidiary of PYI and its financial position and results will not be consolidated into those of PYI. PYE will then become an available-for-sale investment of PYI. PYI will hold up to 49% stake in existing business of PYE through its interest in PYE BVI upon completion of the Cash Alternative.

Property

The property business contributed about $68 million (2010: $18 million) to the Group's operating profit for the period under review. The profit was mainly attributable to contribution from sale of units in Nantong International Trade Center and Wanhua Zijin Garden of about $57 million (2010: $1 million), whereas profit of the last corresponding period mainly represented the gain on revaluation of investment properties located at Yichang of about $17 million.

As at 30 September 2011, about 2 sq km (31.3.2011: 2 sq km) of the 12 sq km land bank situated at Xiao Yangkou have reached the formed and serviced stage. About 1.9 sq km of the Formed Land (as defined in note 12 to the condensed consolidated financial statements) at Xiao Yangkou were classified as investment properties and measured at fair value of about $484 million (31.3.2011: $468 million), whereas the remaining 0.1 sq km Formed Land at Xiao Yangkou was classified as trading stock.

Nantong International Trade Center is a commercial and office development in the heart of Nantong with a gross floor area of some 80,000 sq m. The office tower and commercial podium were completed in October 2010 and September 2011, respectively, which contributed turnover of about $244 million (2010: Nil) during the period under review. A cumulative area of about 42,000 sq m with a total contract value of about RMB463 million has been sold or pre-sold up to 30 September 2011, representing about 66% of its total saleable area.

Wanhua Zijin Garden, a residential property development near Yangkou Port with a gross floor area of 65,000 sq m, was completed and contributed turnover of about $29 million (2010: $13 million) during the period under review. A cumulative area of about 54,000 sq m with a total contract value of about RMB308 million has been sold or pre-sold up to 30 September 2011, representing about 91% of its total saleable area.

In Hangzhou, the Group holds an investment property, the Pioneer Technology Building, which is an office building with gross floor area of some 20,000 sq m. The building contributed rental income of about $5 million (2010: $4 million) and its occupancy was about 95% as at 30 September 2011.

In Yichang, the Group holds certain commercial properties of about 5,000 sq m through Yichang Port Group. Total rental income contributed from the Yichang investment properties amounted to about $2 million (2010: $1 million).

Treasury

The treasury investments contributed about $41 million (2010: $2 million) towards the Group's operating profit for the period under review. Despite the trading securities recorded a fair value loss of about $22 million (2010: $4 million) during the period, the overall performance of the treasury segment was improved after accounting for the high-yield loans and other interest income of about $10 million (2010: $7 million) as well as the interest income and relevant RMB translation gain derived from the deferred consideration receivable for disposal of Yangkou Port Co of about $53 million (2010: Nil).

As at 30 September 2011, total value of the Group's portfolio of trading securities amounted to about $37 million (31.3.2011: $47 million), equivalent to about 0.3% (31.3.2011: 0.3%) of the Group's total assets. Portfolio of high-yield loans receivable amounted to about $114 million (31.3.2011: $113 million), equivalent to about 1% (31.3.2011: 1%) of the Group's total assets.

MATERIAL ACQUISITION AND DISPOSAL

In May 2011, the Group completed the disposal of 50.1% equity interest in Yangkou Port Co to a shareholder of Yangkou Port Co at a consideration of RMB1,507 million. Yangkou Port Co ceased to be a subsidiary of PYI and its financial result had been deconsolidated from the Group during the current period.

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

EVENT AFTER THE REPORTING PERIOD

On 21 August 2011, PYE entered into two conditional agreements for the Placing which will lead to the Deemed Disposal of PYE by PYI. Following the approval by PYI's shareholders on 17 October 2011 at the special general meeting of PYI about the Deemed Disposal, and the approval by PYE's shareholders on 15 November 2011 at the special general meeting of PYE about the Placing, the Distribution in Specie and the special cash dividend distribution by PYE, PYE will cease to be a subsidiary of PYI upon completion of the Deemed Disposal and its financial result will be deconsolidated from the Group.

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

OUTLOOK

The sovereign debt crisis in Europe and the fragile economic recovery in United States remained the core risks to the global recovery. Growing instability and uncertainty in developed economies is likely to affect developing economies and lead to a slowdown in global economic growth. Despite facing the ongoing inflationary pressure, China's economic growth momentum remained relatively healthy and strong.

Entering the Twelfth Five-year Plan, the Central Government will strengthen its inland water transport system and will further develop the Yangtze River region to construct an efficient integrated transport system. PYI remains positive of the prospects of the Yangtze River region over the medium to long term. In May 2011, PYI completed the disposal of 50.1% interest in Yangkou Port with an aim to focus our resources in the operation and development of other ports and port-related business along the Yangtze River and further crystallize the value of our investment in Yangkou Port.

The outlook for second half of financial year 2012 will continue to be challenging. PYI remains cautiously optimistic and is dedicated to streamline our Yangtze Strategy to explore long term business growth potential and maximize our shareholders' returns.

LIQUIDITY AND CAPITAL RESOURCES

As at 30 September 2011, the Group had total assets of $11,509 million (31.3.11: $14,895 million) which were financed by shareholders' funds and credit facilities. A variety of credit facilities were maintained to meet its working capital requirements and committed capital expenditure, which bore interest at market rates and had contracted terms of repayment ranging from on demand to ten years. The Group mainly generated revenue and incurred costs in HK$ and RMB, and no financial instruments had been used for hedging purpose during the current period. 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 30 September 2011, the Group's total borrowings amounted to about $2,557 million (31.3.2011: $3,298 million, including amounts reclassified as held for sale of about $1,283 million) with about $1,749 million (31.3.2011: $1,667 million, including about $410 million reclassified as held for sale) repayable on demand or within one year and about $808 million (31.3.2011: $1,631 million, including about $873 million reclassified as held for sale) repayable after one year. Out of the Group's total borrowings of about $2,557 million (31.3.2011: $3,298 million), about $323 million (31.3.2011: $254 million) was non-recourse to the Group (excluding the Paul Y. Engineering Group).

As at 30 September 2011, borrowings denominated in Hong Kong dollars of about $1,185 million (31.3.2011: $583 million) bore interest at floating rates and about $2 million (31.3.2011: $2 million) bore interest at fixed rates. Borrowing denominated in Renminbi of about $1,192 million (31.3.2011: $2,543 million, including about $1,283 million reclassified as held for sale) bore interest at floating rates and about $178 million (31.3.2011: $170 million) bore interest at fixed rates. The Group's gearing ratio was 0.56 (31.3.2011: 0.73), which was calculated based on the total borrowings of about $2,557 million (31.3.2011: $3,298 million) and the Group's shareholders' fund of about $4,583 million (31.3.2011: $4,501 million).

Bank balances and cash of the Group as at 30 September 2011 amounted to about $2,002 million (31.3.2011: $1,241 million, including about $128 million reclassified as held for sale), of which about $1,255 million (31.3.2011: $767 million) was denominated in RMB, about $741 million (31.3.2011: $464 million) was denominated in HK$ and about $6 million (31.3.2011: $10 million) was denominated in other currencies. Also, about $800 million (31.3.2011: $84 million) had been pledged to banks to secure general credit facilities granted to the Group, which included about RMB566 million (equivalent to about $695 million) (31.3.2011: Nil) deposited in Hong Kong to secure banking facilities denominated in HK$ and available in Hong Kong. As at 30 September 2011, the Group had a net debt position (being bank balances and cash net of bank borrowings) of about $427 million (31.3.2011: $1,821 million).

CONTINGENT LIABILITIES

Apart from the claim described in note 16 to the condensed consolidated financial statements, as at 30 September 2011, the Group had contingent liabilities in respect of guarantees given to banks for banking facilities given to third parties of about $73 million (31.3.2011: $65 million), associates and jointly controlled entities of about $37 million (31.3.2011: 37 million) and an investee of about $379 million (31.3.2011: Nil).

PLEDGE OF ASSETS

As at 30 September 2011, certain property interests, property, plant and equipment, trade receivables and bank balances of the Group with an aggregate value of about $2,134 million (31.3.2011: $2,093 million), as well as the Company's investment in certain subsidiaries of about $270 million (31.3.2011: 140 million) and the Group's benefits over certain construction contracts were pledged to banks and financial institutions to secure general credit facilities granted to the Group. As at 30 September 2011, about $131 million (31.3.2011: $110 million) of these pledged assets was used to secure credit facilities which were non-recourse to the Group (excluding the Paul Y. Engineering Group).

COMMITMENTS

As at 30 September 2011, the Group had expenditure contracted for but not provided for in the condensed consolidated financial statements in respect of acquisition of certain property, plant and equipment and project under development in the amount of about $115 million (31.3.2011: $190 million).

NUMBER OF EMPLOYEES AND REMUNERATION POLICY

Including the directors of the Group, as at 30 September 2011, the Group employed a total of 3,101 full time employees (31.3.2011: 3,296). Remuneration packages consisted of salary as well as performance-based and equity-based bonuses. Further, the Company has implemented three share-related incentive schemes to provide alternative means to motivate employees and promote their loyalty in line with the Group's strategy. Such schemes benefited the Group's staff both in Hong Kong and the Mainland.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

CORPORATE GOVERNANCE

In the corporate governance report published in PYI's 2011 annual report (the "2011 Annual Report") (which can be viewed on PYI's website), we reported that PYI has applied the principles and complied with all applicable code provisions of the Code on Corporate Governance Practices in Appendix 14 to the Listing Rules ("CG Code"), and adopted some of the recommended best practices for the year ended 31 March 2011. Throughout the six months ended 30 September 2011, PYI continued to comply with CG Code and adopt some of the recommended best practices, except for certain deviations which are summarised below:

(a) Code Provision A.2.1

Code Provision A.2.1 stipulates that the roles of the chairman and chief executive officer ("CEO") should be separated and performed by different individuals. Under the current organization structure of the Company, the function of CEO is performed by Mr Lau Ko Yuen, Tom, the Managing Director of the Company. Since 26 September 2011, Mr Lau Ko Yuen, Tom has been appointed as Chairman of the Company.

The Board believes that vesting the roles of both chairman and CEO in Mr Lau Ko Yuen, Tom has the benefit of ensuring consistent leadership within the Group and enabling more effective and efficient overall strategic planning for the Group. The Board 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 half the number thereof being independent non-executive directors.

(b) Rule 3.21 of the Listing Rules

The Audit Committee of the Company was comprised of at least three independent non-executive directors except for the period from 29 September 2011 to 30 September 2011.

Following the resignation of Mr Kwok Shiu Keung, Ernest as an independent non-executive director of the Company on 29 September 2011, the Audit Committee of the Company was comprised of two members which number fell below the minimum number of three as required under Rule 3.21 of the Listing Rules. Upon the appointment of Mr Li Chang An as a member of the Audit Committee of the Company on 21 November 2011, the Company was in strict compliance with Rule 3.21 of the Listing Rules.

During the period under review, except that (i) Dr Chow Ming Kuen, Joseph retired as an independent non-executive director of the Company at the conclusion of PYI's annual general meeting held on 16 September 2011, and ceased to be the Chairman of the Board, Chairman and member of the Company's Remuneration Committee, Nomination Committee and Compliance Committee and member of the Company's Audit Committee and Share Repurchase Committee (alternate to Mr Chan Shu Kin) upon his retirement; (ii) Mr Lau Ko Yuen, Tom was appointed as Chairman of the Board with effect from 26 September 2011; (iii) Mr Kwok Shiu Keung, Ernest resigned as an independent non-executive director of the Company with effect from 29 September 2011, and also ceased to be a member of the Company's Audit Committee, Remuneration Committee, Nomination Committee and Compliance Committee with effect from 29 September 2011; and (iv) Mr Chan Shu Kin ceased to act as an alternate to Mr Kwok Shiu Keung, Ernest as member of the Company's Nomination Committee with effect from 29 September 2011, the functions and composition of the Board and all Board committees remain the same as those set out in the Corporate Governance Report on pages 44 to 67 of the 2011 Annual Report.

Except the fact that (i) Mr Lau Ko Yuen, Tom, the Chairman and Managing Director of the Company, retired as an independent non-executive director of China National Building Material Company Limited (stock code: 3323) on 15 November 2011; (ii) Mr Chan Yiu Lun, Alan, an alternate to Dr Chan Kwok Keung, Charles who is a non-executive director of the Company, was appointed as an executive director of the Company with effect from 23 November 2011; and (iii) the securities of Burcon NutraScience Corporation of which Mr Chan Yiu Lun, Alan is a director, became listed on NASDAQ Global Market (BUR) on 27 October 2011, there were no changes to the information of directors of PYI as disclosed on pages 36 to 40 of the 2011 Annual Report.

At the PYI's annual general meeting held on 16 September 2011, PYI's shareholders approved the remuneration of the directors of $4,000,000 per annum. There has been no change to the basis of determining the directors' remuneration. The level of fee payable to all directors of PYI for serving on the Board and board committees remains unchanged to those set out on page 147 of the 2011 Annual Report except for the following changes:

Directors	New position(s) held	Additional director's fee
Mr Chan Yiu Lun, Alan	Executive director	$300,000 per annum and a salary of $100,000 per month
Mr Chan Shu Kin *(Note)*	Chairman and member of the Remuneration Committee and Nomination Committee; and Chairman of the Compliance Committee	$100,000 per annum
Mr Leung Po Wing, Bowen Joseph	Member of the Nomination Committee and Compliance Committee; and alternate member to Mr Chan Shu Kin of the Share Repurchase Committee	$60,000 per annum
Mr Li Chang An	Member of the Audit Committee	$20,000 per annum

Note: With effect from 29 September 2011, Mr Chan Shu Kin was not entitled to a fee of $20,000 per annum for serving as an alternate to Mr Kwok Shiu Keung, Ernest as member of the Company's Nomination Committee upon the cessation of Mr Chan to hold this position.

At the same meeting, shareholders of PYI also approved the reappointment of Deloitte Touche Tohmatsu as PYI's external auditor for the financial year ending 31 March 2012.

During the period under review, the Board of PYI continued its progressive effort to maintain and enhance the effectiveness of the Group's system of internal control covering all material areas, including its financial, operational and compliance controls and its risk management functions.

During the period, PYI has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code for dealing in the securities of PYI by the directors of PYI and the relevant employees of the Group. According to specific enquiries made by PYI, all directors of PYI and relevant employees of the Group have confirmed their compliance with the required standard set out in the Model Code throughout the period from 1 April 2011 to 30 September 2011.

PYI's directors have complied with the requirement of Securities and Futures Ordinance regarding disclosure of their respective interests in PYI and its associated corporations during the period.

REVIEW OF ACCOUNTS

The Group's results for the six months ended 30 September 2011 have been reviewed by the external auditor and the Audit Committee of PYI.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on PYI's corporate website at www.pyicorp.com under "Investors" and the HKExnews at www.hkexnews.hk under "Listed Company Information". The 2012 Interim Report will be dispatched to PYI's shareholders and posted at the aforesaid websites in December 2011.

BOARD OF DIRECTORS

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

Mr Lau Ko Yuen, Tom	:	Chairman and Managing Director
Mr Chan Yiu Lun, Alan	:	Executive Director
Dr Chan Kwok Keung, Charles *(with Mr. Chan Yiu Lun, Alan as alternate)*	:	Non-Executive Director
Mr Chan Shu Kin	:	Independent Non-Executive Director
Mr Leung Po Wing, Bowen Joseph *GBS, JP*	:	Independent Non-Executive Director
Mr Li Chang An	:	Independent Non-Executive Director

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

Hong Kong, 25 November 2011