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 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 2016.

FINANCIAL HIGHLIGHTS

	9/2016	9/2015	Change
Revenue			
– the Group	$257 million	$262 million	-2%
– share of associates and joint ventures	$2,053 million	$3,114 million	-34%
Gross profit	$80 million	$79 million	+1%
Loss attributable to shareholders	$(8) million	$(231) million	-96%
Loss per share	(0.2) cent	(5.0) cents	-96%

	9/2016	3/2016	Change
Shareholders' funds	$4,197 million	$4,300 million	-2%
Net asset value per share	$0.92	$0.94	-2%

RESULTS

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2016

	Notes	Unaudited Six months ended 30 September 2016 $'000	2015 $'000
Revenue			
The Company and its subsidiaries	3	**257,253**	262,145
Share of associates and joint ventures		**2,053,344**	3,113,671
		2,310,597	3,375,816
Group revenue	3	**257,253**	262,145
Cost of sales		**(177,046)**	(183,092)
Gross profit		**80,207**	79,053
Other income	4	**6,354**	13,843
Administrative expenses		**(75,949)**	(78,627)
Distribution and selling expenses		**(18,945)**	(62,461)
Other gains and losses	5	**(11,248)**	(10,474)
Other expenses		**(8,655)**	(21,147)
Finance costs	6	**(31,358)**	(41,111)
Net gain (loss) on fair value changes of investment properties		**3,993**	(143,413)
Provision for stock of properties		**–**	(217,109)
Share of results of associates		**46,671**	71,930
Share of results of joint ventures		**3,838**	879
Loss before taxation	7	**(5,092)**	(408,637)
Taxation	8	**1,302**	110,978
Loss for the period		**(3,790)**	(297,659)
(Loss) profit for the period attributable to:			
Owners of the Company		**(8,258)**	(230,918)
Non-controlling interests		**4,468**	(66,741)
		(3,790)	(297,659)
Basic loss per share	9	**(0.2) cent**	(5.0) cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 September 2016

	Unaudited Six months ended 30 September 2016 $'000	2015 $'000
Loss for the period	**(3,790)**	(297,659)
OTHER COMPREHENSIVE (EXPENSE) INCOME		
Item that will not be reclassified to profit or loss		
Change in carrying amount of investments in equity instruments	**8,481**	(43,119)
Items that may be subsequently reclassified to profit or loss		
Exchange differences arising from translation of foreign operations	**(87,424)**	(62,532)
Share of exchange differences of associates and joint ventures	**(44,693)**	(34,112)
Other comprehensive expense for the period	**(123,636)**	(139,763)
Total comprehensive expense for the period	**(127,426)**	(437,422)
Total comprehensive expense for the period attributable to:		
Owners of the Company	**(108,183)**	(355,847)
Non-controlling interests	**(19,243)**	(81,575)
	(127,426)	(437,422)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 September 2016

	Notes	**Unaudited 30.9.2016 $'000**	Audited 31.3.2016 $'000
NON-CURRENT ASSETS			
Property, plant and equipment	*11*	**1,459,828**	1,522,323
Investment properties	*12*	**1,118,754**	1,137,733
Project under development		**175,035**	180,269
Prepaid lease payments		**290,126**	303,903
Other intangible assets		**45,047**	51,935
Interests in associates		**1,745,946**	1,787,506
Interests in joint ventures		**86,237**	84,900
Investments in equity instruments	*13*	**522,676**	514,222
Other non-current assets		**86,612**	89,202
		5,530,261	5,671,993
CURRENT ASSETS			
Prepaid lease payments		**4,641**	4,834
Stock of properties	*14*	**1,493,062**	1,528,231
Inventories of finished goods		**35,276**	45,795
Loans receivable		**56,000**	56,000
Dividend receivable from an associate		**50,566**	–
Amounts due from associates		**31,793**	30,511
Trade and other debtors, deposits and prepayments	*15*	**284,940**	268,560
Investments in equity instruments held for trading		**60,898**	58,562
Pledged bank deposits		**215,220**	152,176
Short term bank deposits		**321,848**	311,988
Bank balances and cash		**276,424**	297,163
		2,830,668	2,753,820
CURRENT LIABILITIES			
Trade and other creditors and accrued expenses	*16*	**294,710**	299,387
Amounts due to associates		**40,956**	100,924
Amount due to a joint venture		**451**	125
Amounts due to non-controlling interests		**2,323**	2,392
Taxation payable		**4,642**	5,505
Bank and other borrowings – due within one year	*17*	**1,411,974**	1,289,156
		1,755,056	1,697,489
NET CURRENT ASSETS		**1,075,612**	1,056,331
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,605,873**	6,728,324

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 September 2016

	Notes	**Unaudited 30.9.2016 *$'000***	Audited 31.3.2016 *$'000*
NON-CURRENT LIABILITIES			
Bank and other borrowings – due after one year	*17*	**771,127**	739,954
Amounts due to non-controlling interests		**6,969**	7,177
Deferred tax liabilities		**754,752**	782,773
Deferred income		**47,339**	49,024
Other payables		**24,953**	26,241
		1,605,140	1,605,169
		5,000,733	5,123,155
CAPITAL AND RESERVES			
Share capital	*18*	**457,736**	457,736
Reserves		**3,738,809**	3,841,840
Equity attributable to owners of the Company		**4,196,545**	4,299,576
Non-controlling interests		**804,188**	823,579
TOTAL EQUITY		**5,000,733**	5,123,155

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 September 2016

	Unaudited Six months ended 30 September	
	2016 *$'000*	2015 *$'000*
Net cash from (used in) operating activities	**1,098**	(51,101)
Net cash used in investing activities	**(89,916)**	(9,491)
Net cash from financing activities	**79,601**	192,973
Net (decrease) increase in cash and cash equivalents	**(9,217)**	132,381
Effect of foreign exchange rate changes	**(1,662)**	(3,992)
Cash and cash equivalents brought forward	**609,151**	636,295
Cash and cash equivalents carried forward	**598,272**	764,684
Analysis of the balances of cash and cash equivalents		
Short term bank deposits	**321,848**	316,594
Bank balances and cash	**276,424**	448,090
	598,272	764,684

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as 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 "Listing Rules").

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.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2016.

In the current interim period, the Group has applied, for the first time, the following new or revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA:

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 or revised HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed 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 and land under development
Treasury	- Provision of credit services and securities trading

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

The Managing Director of the Company assesses the performance of the operating segments based on a measure of 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 period under review:

Six months ended 30 September 2016 (Unaudited)

	Paul Y. Engineering Group $'000	Ports development $'000	Ports and logistics $'000	Property $'000	Treasury $'000	Segment total and consolidated $'000
REVENUE	**-**	**-**	**246,112**	**5,230**	**5,911**	**257,253**
EBITDA	**12,712**	**-**	**75,441**	**10,791**	**11,350**	**110,294**
Depreciation and amortisation*	**-**	**-**	**(23,518)**	**(3,762)**	**(68)**	**(27,348)**
Segment results - EBIT	**12,712**	**-**	**51,923**	**7,029**	**11,282**	**82,946**
Corporate and other expenses**						**(56,680)**
Finance costs						**(31,358)**
Loss before taxation						**(5,092)**
Taxation						**1,302**
Loss for the period						**(3,790)**

Six months ended 30 September 2015 (Unaudited)

	Paul Y. Engineering Group $'000	Ports development $'000	Ports and logistics $'000	Property $'000	Treasury $'000	Segment total and consolidated $'000
REVENUE	-	-	243,707	11,582	6,856	262,145
EBITDA (LBITDA)	12,062	-	94,301	(374,993)	24,151	(244,479)
Depreciation and amortisation*	-	-	(52,598)	(4,028)	(1)	(56,627)
Segment results - EBIT (LBIT)	12,062	-	41,703	(379,021)	24,150	(301,106)
Corporate and other expenses**						(66,420)
Finance costs						(41,111)
Loss before taxation						(408,637)
Taxation						110,978
Loss for the period						(297,659)

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

** Including acquisition-related costs for potential projects of about $8,121,000 (2015: $15,194,000) and net exchange loss of $13,577,000 (2015: $15,477,000).

3. *Segment information - continued*

Segment assets and liabilities

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

At 30 September 2016 (Unaudited)

	Paul Y. Engineering Group *$'000*	Ports development *$'000*	Ports and logistics *$'000*	Property *$'000*	Treasury *$'000*	Segment total and consolidated *$'000*
ASSETS						
Segment assets	**563,361**	**406,504**	**3,553,687**	**3,118,288**	**705,689**	**8,347,529**
Unallocated assets						**13,400**
Consolidated total assets						**8,360,929**
LIABILITIES						
Segment liabilities	**-**	**-**	**1,284,861**	**1,105,506**	**955,044**	**3,345,411**
Unallocated liabilities						**14,785**
Consolidated total liabilities						**3,360,196**

At 31 March 2016 (Audited)

	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.

4. *Other income*

Other income includes:

	Unaudited Six months ended 30 September	
	2016	2015
	$'000	*$'000*
Bank and other interest income	**3,810**	10,891

5. *Other gains and losses*

	Unaudited Six months ended 30 September	
	2016	2015
	$'000	*$'000*
Gain on changes in fair value of investments in equity instruments held for trading	**2,528**	7,869
Impairment loss reversed on other receivables	**716**	488
Net exchange loss	**(13,577)**	(15,477)
Loss on disposal of property, plant and equipment	**(915)**	(3,354)
	(11,248)	(10,474)

6. *Finance costs*

	Unaudited Six months ended 30 September	
	2016	2015
	$'000	*$'000*
Borrowing costs on:		
Bank borrowings	**39,714**	46,766
Amounts due to associates	**1,045**	4,008
Amounts due to non-controlling interests	**47**	62
Imputed interest expense on other payables	**550**	663
Other borrowings	**578**	1,599
	41,934	53,098
Less: Amount capitalised in respect of construction in progress (included in property, plant and equipment)	**(4,943)**	(9,260)
Amount capitalised in respect of properties under development for sale (included in stock of properties)	**(4,121)**	(1,803)
Amount capitalised in respect of investment properties under development	**(1,512)**	(924)
	31,358	41,111

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 period.

7. *Loss before taxation*

	Unaudited Six months ended 30 September 2016 $'000	2015 $'000
Loss before taxation has been arrived at after charging (crediting):		
Amortisation of other intangible assets:		
Amount provided for the period	**866**	944
Less: Amount capitalised in respect of properties under development for sale (included in stock of properties)	**(23)**	-
	843	944
Cost of inventories recognised as an expense (including provision for stock of properties)	**85,690**	313,869
Depreciation of property, plant and equipment:		
Amount provided for the period	**26,674**	55,881
Less: Amount capitalised in respect of construction in progress (included in property, plant and equipment)	**(68)**	-
Amount capitalised in respect of investment properties under development	**(24)**	(24)
Amount capitalised in respect of properties under development for sale (included in stock of properties)	**(77)**	(174)
	26,505	55,683
Release of prepaid lease payments	**2,811**	3,068
Dividend income from investments in equity instruments held for trading	**(1,910)**	(1,662)
Total interest income (included in revenue and other income)	**(7,811)**	(16,085)

8. *Taxation*

	Unaudited Six months ended 30 September 2016 $'000	2015 $'000
The charge (credit) comprises:		
Taxation arising in the PRC excluding Hong Kong:		
Current period	**3,996**	1,676
Under(over)provision in prior periods	**175**	(1,844)
	4,171	(168)
Deferred taxation		
Land Appreciation Tax ("LAT")	**(290)**	(99,334)
Others	**(5,183)**	(11,476)
	(5,473)	(110,810)
Taxation attributable to the Company and its subsidiaries	**(1,302)**	(110,978)

8. *Taxation - continued*

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods. No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Group's estimated assessable profits has been absorbed by tax losses brought forward for both periods.

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 period is based on the following data:

	Unaudited Six months ended 30 September	
	2016	2015
	$'000	*$'000*
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	**(8,258)**	(230,918)

	2016 Number of shares	2015 Number of shares
Weighted average number of ordinary shares for the purpose of basic loss per share	**4,577,360,572**	4,577,360,572

The computation of diluted loss per share for the period ended 30 September 2016 does not assume the exercise of the Company's share options because the exercise price of those options is higher than the average market price of the Company's shares.

The computation of diluted loss per share for the period ended 30 September 2015 did not assume the exercise of the Company's share options which would result in decrease in loss per share.

10. *Distribution*

	Unaudited Six months ended 30 September 2016 *$'000*	2015 *$'000*
Dividends recognised as distribution during the period:		
Final cash dividend declared for the year ended 31 March 2016 – Nil (2015: 0.5 cent for the year ended 31 March 2015) per share	-	22,887

The Board of the Company has resolved not to declare any interim dividend for the six months ended 30 September 2016 (2015: Nil).

11. *Movements in property, plant and equipment*

During the period, additions to the Group's property, plant and equipment amounted to about $11,963,000 (2015: $30,239,000), which mainly included the cost of construction in progress amounting to about $6,382,000 (2015: $26,451,000) incurred during the period.

12. *Investment properties*

	Leasehold properties in the PRC *$'000*	Developed land *$'000* (note a)	Land under development *$'000* (note b)	Total *$'000*
FAIR VALUE				
At 1 April 2016 (audited)	247,781	301,435	588,517	1,137,733
Exchange realignment	(7,283)	(8,763)	(17,121)	(33,167)
Transfer from property, plant and equipment, other intangible assets and prepaid lease payments	6,867	-	-	6,867
Additions	-	-	3,328	3,328
Increase in fair value recognised in the condensed consolidated income statement	2,632	1,172	189	3,993
At 30 September 2016 (unaudited)	249,997	293,844	574,913	1,118,754

notes:

(a) In prior periods, the Group completed the reclamation of certain land area and obtained the certificate of completion of land reclamation (the "Certificate") issued by qualified project engineering and construction manager in respect of certain land area (the "Formed Land") in Jiangsu Province, the PRC. Upon obtaining the Certificate, such Formed Land held for capital appreciation had been recognised as land held under operating lease and classified and accounted for as investment properties.

(b) In connection with the reclamation of certain land area in Jiangsu Province, the PRC, the Group commenced, but not yet completed, the land leveling process (mainly representing the sand filling work to achieve leveling of the area) (the "Land Being Formed"). Upon the commencement of land leveling process, the Land Being Formed that held for rentals and/or capital appreciation as investment properties had been recognised as land under development and classified and accounted for as investment properties.

13. *Investments in equity instruments*

	Unaudited 30.9.2016 *$'000*	Audited 31.3.2016 *$'000*
Listed equity securities, at quoted bid price in Hong Kong (note a)	**115,263**	91,608
PRC unlisted equity securities (note b)	**407,413**	422,614
	522,676	514,222

notes:

(a) As at 30 September 2016, the investment in Hong Kong listed equity securities represents 4.67% (31.3.2016: 4.67%) equity interest in The XIII Holdings Limited.

(b) As at 30 September 2016, the investments in unlisted equity securities are stated at fair value and include:

i) 9.9% equity interest in Jiangsu YangKou Port Development and Investment Co., Ltd. ("Yangkou Port Co"), which is engaged in the business of development of port and related infrastructures of about $406,503,000 (31.3.2016: $421,677,000); and

ii) less than 20% interests in certain PRC companies held by Yichang Port Group Limited, a non-wholly-owned subsidiary of the Company, which are mainly engaged in port related services of about $910,000 (31.3.2016: $937,000).

14. *Stock of properties*

	Unaudited 30.9.2016 *$'000*	Audited 31.3.2016 *$'000*
Properties under development for sale	**1,072,262**	1,094,786
Completed properties held for sale	**420,800**	433,445
	1,493,062	1,528,231

At 30 September 2016, stock of properties amounting to about $585,203,000 (31.3.2016: $600,296,000) is carried at net realisable value. During the period ended 30 September 2015, a provision for stock of properties of about $217,109,000 had been recognised to the condensed consolidated income statement.

15. 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 $127,563,000 (31.3.2016: $107,439,000). The Group holds collateral over the balance of $6,157,000 (31.3.2016: Nil). 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:

	Unaudited 30.9.2016 *$'000*	Audited 31.3.2016 *$'000*
Within 90 days	**93,848**	59,217
More than 90 days and within 180 days	**18,585**	33,108
More than 180 days	**15,130**	15,114
	127,563	107,439

16. Trade and other creditors and accrued expenses

Included in trade and other creditors and accrued expenses are trade creditors of about $76,025,000 (31.3.2016: $80,869,000) and their ageing analysis presented based on the invoice date at the end of the reporting period is as follows:

	Unaudited 30.9.2016 *$'000*	Audited 31.3.2016 *$'000*
Within 90 days	**59,636**	56,146
More than 90 days and within 180 days	**1,038**	728
More than 180 days	**15,351**	23,995
	76,025	80,869

17. Movements in bank and other borrowings

During the period, the Group raised new bank and other borrowings of about $1,528,963,000 (2015: $1,990,935,000) and repaid about $1,349,989,000 (2015: $1,750,982,000). The secured bank and other borrowings as at 30 September 2016 were about $986,511,000 (31.3.2016: $863,301,000).

As at 30 September 2016, bank deposits of about $215,220,000 (31.3.2016: $152,176,000) were pledged to banks to secure general banking facilities granted to the Group. The pledged bank deposits included about RMB184,259,000 (equivalent to about $214,006,000) (31.3.2016: RMB89,356,000 equivalent to about $106,885,000) deposited in Hong Kong, which were pledged to secure banking facilities denominated in Hong Kong dollars and available in Hong Kong.

18. *Share capital*

	Number of shares	Value *$'000*
Ordinary shares of $0.10 each:		
Authorised:		
At 1 April 2015, 30 September 2015, 31 March 2016 and 30 September 2016	10,000,000,000	1,000,000
Issued and fully paid:		
At 1 April 2015, 30 September 2015, 31 March 2016 and 30 September 2016	4,577,360,572	457,736

INTERIM DIVIDEND

The Board of PYI has resolved not to declare any interim dividend for the six months ended 30 September 2016 (2015: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF FINANCIAL PERFORMANCE AND POSITION

For the six months ended 30 September 2016, the Group recorded a consolidated revenue of about $257 million (2015: $262 million), representing a decrease of about 2% from last corresponding period. The consolidated revenue sustained a slight drop as being affected by the decline in revenue from sale of properties. After taking into account the share of revenue of associates and joint ventures, the revenue was about $2,310 million (2015: $3,376 million), representing a decrease of 32% from last corresponding period which was mainly affected by the drop in revenue from contract work of Paul Y. Engineering.

The Group's gross profit increased by 1% from last corresponding period to about $80 million (2015: $79 million), which represented a gross margin of 31% (2015: 30%) of the consolidated revenue. As benefited from the increased coal throughput during the period, the contribution from ports and logistics business resulted in an overall improvement in both gross profit and gross margin of the Group. The Group's distribution and selling expenses decreased by 70% to about $19 million (2015: $63 million). The considerable saving in distribution costs was mainly attributable to (a) an one-off write-down in value of LPG assets of about $33 million that was incurred solely in last period for the upgrade of LPG distribution facilities and (b) implementation of effective cost control measures during the period.

During the period, the Group recorded a loss before taxation of about $5 million (2015: $409 million), which was composed of:

(i) net gain of about $13 million (2015: $12 million) in Paul Y. Engineering Group mainly engaged in management contracting and property development management businesses;
(ii) net gain of about $52 million (2015: $42 million) in ports and logistics business;
(iii) net gain of about $7 million (2015: net loss of about $379 million) in property business;
(iv) net gain of about $11 million (2015: $24 million) in treasury business;
(v) net corporate and other expenses of about $57 million (2015: $67 million), which included acquisition-related costs of about $8 million (2015: $15 million) and net exchange loss of about $14 million (2015: $15 million); and
(vi) finance costs of about $31 million (2015: $41 million).

Net loss for the period attributable to the owners of PYI was about $8 million (2015: $231 million) and basic loss per share was 0.2 cent (2015: 5 cents). The net loss was mainly attributable to an unrealised exchange loss arising from Renminbi denominated monetary assets for the period of about $14 million (2015: $15 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 period. After excluding the effect of the unrealised exchange loss, the Group would achieve profitable result.

When compared with the Group's financial position as at 31 March 2016, total assets decreased slightly by 1% to about $8,361 million (31.3.2016: $8,426 million) as being affected by the aforesaid non-cash event. As at 30 September 2016, net current assets amounted to about $1,076 million (31.3.2016: $1,056 million), whereas current ratio deriving from the ratio of current assets to current liabilities decreased slightly to 1.61 times (31.3.2016: 1.62 times). After taking into account (a) the net loss of about $8 million; (b) the increase in carrying amount of equity investments not held for trading of about $8 million recognised in investment revaluation reserve; (c) the Renminbi exchange deficit arising from translation of foreign operations of about $108 million; and (d) the recognition of share-based payment reserve and share of other reserves of associates of about $5 million, equity attributable to owners of PYI was decreased by 2% to about $4,197 million (31.3.2016: $4,300 million), representing $0.92 (31.3.2016: $0.94) per share as at 30 September 2016.

Net cash inflow from operating activities was about $1 million (2015: outflow of about $51 million). Net cash outflow from investing activities was about $90 million (2015: $9 million). Net cash inflow from financing activities was about $80 million (2015: $192 million), resulting in a net decrease in available cash and cash equivalents of about $9 million (2015: net increase of about $132 million) during the period.

REVIEW OF OPERATIONS AND BUSINESS DEVELOPMENT

Ports and Logistics

The ports and logistics business of PYI delivered stable performance during the period. 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 $29 million (2015: $55 million) to the segment's operating profit for the period. The decrease in contribution was caused by the decline in iron ore handling fee due to increasing market competition and the lack of one-off subsidy recorded in last period.

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.

Bulk cargo throughput of Nantong Port Group in the first half of 2016 remained steady at about 30 million tonnes (2015: 30 million tonnes), while the container throughput in the first half of 2016 dropped by 2% to about 271,000 TEUs (2015: 276,000 TEUs).

Yichang Port Group (51% owned)

Yichang Port Group contributed about $12 million (2015: operating loss of about $2 million) to the segment's operating profit for the period. During the period, 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, bulk 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.

Bulk cargo throughput of Yichang Port Group for the six months ended 30 September 2016 increased by 6% to about 3.4 million tonnes (2015: 3.2 million tonnes). Its container throughput increased by 38% to about 65,000 TEUs (2015: 47,000 TEUs) during the period.

Jiangyin Sunan Container Terminal (40% owned)

Jiangyin Sunan continued to provide a stable contribution of about $5 million (2015: $5 million) to the segment's operating profit for the period.

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.

Container throughput of Jiangyin Sunan in the first half of 2016 increased by 2% to about 232,000 TEUs (2015: 227,000 TEUs).

Jiaxing International Feeder Port (90% owned)

Jiaxing International Feeder Port contributed about $6 million (2015: $8 million) to the segment's operating profit for the period. Although cargo throughput of the port was affected by keen competition from nearby container feeder ports, it strives to attain steady profitability.

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.

Container throughput of Jiaxing International Feeder Port for the six months ended 30 September 2016 decreased by 20% to about 79,000 TEUs (2015: 99,000 TEUs).

LPG, CNG and Logistics (100% owned)

The LPG and CNG distribution and logistics businesses of Minsheng Gas achieved a breakeven segment result (2015: operating loss of about $24 million) during the period. 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.

Minsheng Gas owns and operates the largest LPG storage-tank farm and a river terminal in mid-stream Yangtze. Through its mature wholesale and distribution network, it has captured a substantial share of the Wuhan LPG market for automotive consumption. Its Vehicle Conversion Research and Development Center supports the conversions of gasoline-powered vehicles to LPG or CNG vehicles.

Minsheng Gas has nine LPG and five CNG fueling stations in Wuhan City. The increase of CNG in the product mix by Minsheng Gas this period 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 period (2015: 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 30 September 2016, the investment in Yangkou Port Co was stated at fair value of about $407 million (31.3.2016: $422 million).

Engineering Business

Paul Y. Engineering (48.2% owned)

Paul Y. Engineering contributed about $13 million (2015: $12 million) to the segment's operating profit for the period. Despite the drop in revenue from contract work, it maintained remarkable profitability through effective control of its operating costs.

During the period, Paul Y. Engineering recorded a revenue of about $3,746 million (2015: $5,973 million) and secured new contracts of about $4,968 million (2015: $3,415 million) in aggregate value. As at 30 September 2016, the total value of contracts on hand of Paul Y. Engineering was about $25,643 million (31.3.2016: $23,521 million) and the value of work remaining was about $9,044 million (31.3.2016: $7,589 million). Paul Y. Engineering will continue to adopt a cautious expansion strategy and secure premium contracts in various markets.

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 contributed about $7 million (2015: operating loss of about $379 million) to the segment's operating profit for the period. Profitability of the segment was restored during the period, which was mainly attributed to contribution from property rental income of about $7 million (2015: $9 million) and gain on fair value changes of investment properties of about $4 million (2015: loss of about $143 million). In last period, a provision of about $217 million was made for certain stock of properties situated at Xiao Yangkou in view of postponement in their property development and sale plan.

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 30 September 2016, about 6.88 sq km (31.3.2016: 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 $869 million (31.3.2016: $890 million) and recorded a gain on revaluation of about $1 million (2015: loss on revaluation of about $129 million) for the period.

As at 30 September 2016, certain stock of properties amounting to about $585 million (31.3.2016: $600 million) was stated at net realisable value. In last period, a provision for stock of properties of about $217 million was recognised to the condensed consolidated income statement.

As at 30 September 2016, a gross floor area of about 6,000 sq m of "Nantong International Trade Center", a commercial and office development in the central business district of Nantong City, had been rented out for hotel operation and were classified as investment properties. As at 30 September 2016, the properties did not have fair value change (2015: loss on revaluation of about $14 million). The Group also holds a gross floor area of about 14,000 sq m of "Nantong International Trade Center" for sale. The properties contributed rental income amounted to about $3 million (2015: $5 million) to the Group during the period.

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 118,000 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 30 September 2016. The investment properties recorded a gain on revaluation of about $3 million (2015: Nil) and contributed rental income of about $4 million (2015: $4 million) to the Group during the period.

In the Hangzhou Hi-Tech Industry Development Zone of Bingjiang, Hangzhou City, the Group holds jointly through joint ventures with Paul Y. Engineering an office building known as "Pioneer Technology Building", which has a gross floor area of about 20,000 sq m. The building generated rental income of about $6 million (2015: $6 million) during the period and its occupancy reached about 96% as at 30 September 2016.

Treasury

The treasury investments contributed about $11 million (2015: $24 million) to the Group's operating profit for the period. During the period, listed securities held for trading recorded a fair value gain of about $3 million (2015: $8 million) and generated dividend income of about $2 million (2015: $2 million). The high-yield loans and Renminbi bank deposits in Hong Kong generated interest income of about $6 million (2015: $14 million).

As at 30 September 2016, (a) total value of the Group's portfolio of listed securities held for trading amounted to about $61 million (31.3.2016: $59 million), equivalent to about 0.7% (31.3.2016: 0.7%) of the Group's total assets; and (b) portfolio of high-yield loans receivable amounted to about $56 million (31.3.2016: $56 million), equivalent to about 0.7% (31.3.2016: 0.7%) of the Group's total assets.

MATERIAL ACQUISITION AND DISPOSAL

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

EVENT AFTER THE REPORTING PERIOD

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

OUTLOOK

With its port network along Yangtze River in China, PYI is well positioned to capitalise on the new opportunities created by the Central Government's "One Belt One Road" international strategy as well as the national strategy of "Yangtze River Economic Belt", which emphasizes on international connectivity and domestic economic growth in the region we operate in. PYI remains positive on the outlook of its port business in the Yangtze River region and will stay in line with such national strategies. Looking forward, PYI will continue to drive growth and returns in both our Yangtze ports as well as the resort and leisure development at Xiao Yangkou for our shareholders in line with our Yangtze Strategy.

LIQUIDITY AND CAPITAL RESOURCES

As at 30 September 2016, the Group had total assets of $8,361 million (31.3.2016: $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 period, 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 30 September 2016, the Group's total borrowings amounted to about $2,204 million (31.3.2016: $2,110 million) with about $1,426 million (31.3.2016: $1,363 million) repayable on demand or within one year and about $778 million (31.3.2016: $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 $1,008 million (31.3.2016: $935 million) bore interest at floating rate. Borrowings denominated in Renminbi of about $644 million (31.3.2016: $705 million) bore interest at floating rates and about $552 million (31.3.2016: $470 million) bore interest at fixed rates. The Group's gearing ratio was 0.53 (31.3.2016: 0.49), which was calculated based on the total borrowings of about $2,204 million (31.3.2016: $2,110 million) and the Group's shareholders' funds of about $4,197 million (31.3.2016: $4,300 million).

Cash, bank balances and deposits of the Group as at 30 September 2016 amounted to about $813 million (31.3.2016: $761 million), of which about $537 million (31.3.2016: $468 million) was denominated in Renminbi, about $276 million (31.3.2016: $293 million) was denominated in Hong Kong dollar and about $0.1 million (31.3.2016: $0.2 million) was denominated in other currencies. Also, about $215 million (31.3.2016: $152 million) had been pledged to banks to secure general credit facilities granted to the Group, which included about RMB184 million (equivalent to about $214 million) (31.3.2016: 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 30 September 2016, the Group had a net debt position (being bank borrowings net of cash, bank balances and deposits) of about $1,298 million (31.3.2016: $1,241 million).

CONTINGENT LIABILITY

As at 30 September 2016, the Group had no contingent liability (31.3.2016: Nil).

PLEDGE OF ASSETS

As at 30 September 2016, certain property interests, property, plant and equipment and bank balances of the Group with an aggregate value of about $1,224 million (31.3.2016: $988 million), as well as the Company's investments in certain subsidiaries of about $445 million (31.3.2016: $445 million) were pledged to banks and financial institutions to secure general credit facilities granted to the Group.

COMMITMENTS

As at 30 September 2016, 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 properties interests in a total amount of about $9 million (31.3.2016: $9 million).

NUMBER OF EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2016, the Group employed a total of 1,515 (31.3.2016: 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 six months ended 30 September 2016, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

Throughout the six months ended 30 September 2016, PYI has complied with all code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules (the "CG Code"), except for the following deviation:

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

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

PYI has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code for dealing in the securities of PYI by PYI's directors and the relevant employees of the Group. According to specific enquiries made by PYI, all PYI's directors and relevant employees of the Group have confirmed their compliance with the required standard set out in the Model Code throughout the six months ended 30 September 2016.

REVIEW OF ACCOUNTS

The Group's unaudited results for the six months ended 30 September 2016 have been reviewed by (a) the Group's auditor, Messrs. Deloitte Touche Tohmatsu, in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA; and (b) the Audit Committee of PYI.

PUBLICATION OF INTERIM RESULTS AND INTERIM 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 at www.hkexnews.hk under "Listed Company Information". The 2017 Interim Report will be despatched to the shareholders of PYI and posted on the aforesaid websites in December 2016.

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

Hong Kong, 18 November 2016

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

Mr Lau Tom Ko Yuen	:	Chairman and Managing Director
Mr Chan Yiu Lun, Alan	:	Non-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