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).)

2018 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 2017.

FINANCIAL HIGHLIGHTS

	9/2017	9/2016	Change
Revenue			
– the Group	$299 million	$257 million	+16%
– share of associates and joint ventures	$1,820 million	$2,053 million	-11%
Gross profit	$96 million	$80 million	+20%
Profit (loss) attributable to shareholders	$503 million	$(8) million	+6,388%
Basic earnings (loss) per share	9.5 cents	(0.2) cent	+4,850%

	9/2017	3/2017	Change
Shareholders' funds	$4,643 million	$4,009 million	+16%
Net asset value per share	$0.84	$0.87	-3%

RESULTS

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2017

	Notes	Unaudited Six months ended 30 September 2017 $'000	2016 $'000
Revenue			
The Company and its subsidiaries	3	**299,472**	257,253
Share of associates and joint ventures		**1,820,468**	2,053,344
		2,119,940	2,310,597
Group revenue	3	**299,472**	257,253
Cost of sales		**(203,530)**	(177,046)
Gross profit		**95,942**	80,207
Other income	4	**4,607**	6,354
Administrative expenses		**(74,680)**	(75,949)
Distribution and selling expenses		**(91,527)**	(18,945)
Other gains and losses	5	**(16,192)**	(11,248)
Other expenses		**(12,926)**	(8,655)
Finance costs	6	**(31,576)**	(31,358)
Gain on disposal of an associate	7	**847,628**	–
Impairment loss on property, plant and equipment	12	**(144,797)**	–
Net gain on fair value changes of investment properties		**111,206**	3,993
Share of results of associates		**36,772**	46,671
Share of results of joint ventures		**1,307**	3,838
Profit (loss) before taxation	8	**725,764**	(5,092)
Taxation	9	**(200,719)**	1,302
Profit (loss) for the period		**525,045**	(3,790)
Profit (loss) for the period attributable to:			
Owners of the Company		**503,451**	(8,258)
Non-controlling interests		**21,594**	4,468
		525,045	(3,790)
Earnings (loss) per share	10		
Basic earnings (loss) per share		**9.5 cents**	(0.2) cent
Diluted earnings per share		**9.5 cents**	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 September 2017

	Unaudited Six months ended 30 September 2017 $'000	2016 $'000
Profit (loss) for the period	**525,045**	(3,790)
OTHER COMPREHENSIVE INCOME (EXPENSE)		
Item that will not be reclassified to profit or loss		
Change in carrying amount of investments in equity instruments	**(36,881)**	8,481
Items that may be subsequently reclassified to profit or loss		
Exchange differences arising from translation of foreign operations	**107,879**	(87,424)
Share of exchange differences of associates and joint ventures	**78,051**	(44,693)
Reclassification adjustment on disposal of an associate	**(126,471)**	–
Other comprehensive income (expense) for the period	**22,578**	(123,636)
Total comprehensive income (expense) for the period	**547,623**	(127,426)
Total comprehensive income (expense) for the period attributable to:		
Owners of the Company	**492,836**	(108,183)
Non-controlling interests	**54,787**	(19,243)
	547,623	(127,426)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 September 2017

	Notes	Unaudited 30.9.2017 $'000	Audited 31.3.2017 $'000
NON-CURRENT ASSETS			
Property, plant and equipment	*12*	**1,302,090**	1,414,065
Investment properties	*13*	**1,251,630**	1,089,605
Project under development		**176,665**	171,200
Prepaid lease payments		**298,923**	281,110
Other intangible assets		**12,425**	43,146
Interests in associates	*7*	**701,166**	1,747,635
Interests in joint ventures		**90,141**	85,304
Investments in equity instruments	*14*	**414,953**	451,816
Other non-current assets		**86,515**	83,097
		4,334,508	5,366,978
CURRENT ASSETS			
Prepaid lease payments		**4,721**	4,510
Stock of properties	*15*	**1,520,071**	1,464,070
Inventories of finished goods		**13,350**	23,399
Loans receivable		**102,100**	62,100
Dividend receivable from an associate		**–**	16,061
Amounts due from associates		**77,260**	32,648
Amount due from a joint venture		**167**	161
Trade and other debtors, deposits and prepayments	*16*	**295,480**	260,166
Investment in debt instruments held for trading	*17*	**222,260**	–
Investments in equity instruments held for trading		**–**	51,700
Pledged bank deposits		**11,873**	113
Short term bank deposits		**1,216,129**	184,079
Bank balances and cash		**406,095**	315,571
		3,869,506	2,414,578
CURRENT LIABILITIES			
Trade and other creditors and accrued expenses	*18*	**315,965**	263,721
Amounts due to associates		**25,736**	36,666
Amount due to a joint venture		**88**	254
Amounts due to non-controlling interests		**2,350**	2,257
Taxation payable		**8,923**	8,306
Bank and other borrowings – due within one year	*19*	**892,878**	1,311,705
		1,245,940	1,622,909
NET CURRENT ASSETS		**2,623,566**	791,669
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,958,074**	6,158,647

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 September 2017

	Notes	**Unaudited 30.9.2017 $'000**	Audited 31.3.2017 $'000
NON-CURRENT LIABILITIES			
Bank and other borrowings – due after one year	*19*	**475,159**	446,222
Amounts due to non-controlling interests		**98,707**	94,808
Deferred tax liabilities		**795,818**	726,330
Deferred income		**71,473**	58,617
Other payables		**21,434**	24,064
		1,462,591	1,350,041
		5,495,483	4,808,606
CAPITAL AND RESERVES			
Share capital	*20*	**551,958**	458,741
Reserves		**4,091,341**	3,550,433
Equity attributable to owners of the Company		**4,643,299**	4,009,174
Non-controlling interests		**852,184**	799,432
TOTAL EQUITY		**5,495,483**	4,808,606

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 September 2017

	Unaudited Six months ended 30 September	
	2017 $'000	2016 $'000
Net cash (used in) from operating activities	**(200,360)**	1,098
Net cash from (used in) investing activities	**1,673,036**	(89,916)
Net cash (used in) from financing activities	**(353,499)**	79,601
Net increase (decrease) in cash and cash equivalents	**1,119,177**	(9,217)
Effect of foreign exchange rate changes	**3,397**	(1,662)
Cash and cash equivalents brought forward	**499,650**	609,151
Cash and cash equivalents carried forward	**1,622,224**	598,272
Analysis of the balances of cash and cash equivalents		
Short term bank deposits	**1,216,129**	321,848
Bank balances and cash	**406,095**	276,424
	1,622,224	598,272

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.

During the period, the Group acquires a debt instrument and is classified as investment in debt instruments held for trading. It is accounted for under the accounting policy of financial instruments “Financial assets measured at fair value” and is measured at fair value with all changes in fair value recognised in profit or loss.

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 2017 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2017.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 7	Disclosure initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of Annual Improvements to HKFRSs 2014 - 2016 Cycle

The application of the above amendments to 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, land under development and projects under development
Treasury	- Provision of credit services and securities trading

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

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

3. *Segment information - continued*

Segment revenues and results

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

Six months ended 30 September 2017 (Unaudited)

	Paul Y. Engineering Group *$'000*	Ports development *$'000*	Ports and logistics *$'000*	Property *$'000*	Treasury *$'000*	Segment total and consolidated *$'000*
REVENUE	-	-	272,561	16,785	10,126	299,472
EBITDA*	4,985	-	795,082	82,722	12,043	894,832
Depreciation and amortisation**	-	-	(91,219)	(2,599)	-	(93,818)
Segment results - EBIT	4,985	-	703,863	80,123	12,043	801,014
Corporate and other expenses***						(43,674)
Finance costs						(31,576)
Profit before taxation						725,764
Taxation						(200,719)
Profit for the period						525,045

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)

* Gain on disposal of an associate of about $847,628,000 (2016: Nil) and impairment loss on property, plant and equipment of about $144,797,000 (2016: Nil) have been recognised in the ports and logistics operating segment during the period.

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

*** Including acquisition-related costs for potential projects of about $6,341,000 (2016: $8,121,000) and net exchange gain of about $7,868,000 (2016: loss of about $13,577,000).

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 2017 (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	**506,566**	**378,376**	**2,245,625**	**3,318,271**	**1,741,350**	**8,190,188**
Unallocated assets						**13,826**
Consolidated total assets						**8,204,014**
LIABILITIES						
Segment liabilities	**-**	**-**	**1,290,559**	**1,196,249**	**206,062**	**2,692,870**
Unallocated liabilities						**15,661**
Consolidated total liabilities						**2,708,531**

At 31 March 2017 (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	554,369	358,916	3,374,608	3,100,606	378,654	7,767,153
Unallocated assets						14,403
Consolidated total assets						7,781,556
LIABILITIES						
Segment liabilities	-	-	1,157,660	1,131,743	671,058	2,960,461
Unallocated liabilities						12,489
Consolidated total liabilities						2,972,950

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 2017 $'000	2016 $'000
Bank and other interest income	**2,506**	3,810

5. *Other gains and losses*

	Unaudited Six months ended 30 September 2017 $'000	2016 $'000
Net exchange gain (loss)	**7,868**	(13,577)
Gain on changes in fair value of investment in debt instruments held for trading	**6,004**	–
Gain on disposal of investment properties	**583**	–
Gain (loss) on disposal of property, plant and equipment	**234**	(915)
Gain on disposal of prepaid lease payments	**58**	–
Impairment loss (recognised) reversed on trade and other receivables	**(30,761)**	716
(Loss) gain on changes in fair value of investments in equity instruments held for trading	**(178)**	2,528
	(16,192)	(11,248)

6. *Finance costs*

	Unaudited Six months ended 30 September 2017 $'000	2016 $'000
Borrowing costs on:		
Bank borrowings	**36,794**	39,714
Amounts due to associates	**100**	1,045
Amounts due to non-controlling interests	**2,550**	47
Imputed interest expense on other payables	**484**	550
Other borrowings	**2,812**	578
	42,740	41,934
Less: Amount capitalised in respect of construction in progress (included in property, plant and equipment)	**(4,000)**	(4,943)
Amount capitalised in respect of properties under development for sale (included in stock of properties)	**(4,995)**	(4,121)
Amount capitalised in respect of investment properties under development	**(2,169)**	(1,512)
	31,576	31,358

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. *Disposal of an associate*

On 14 September 2017, the Group completed the disposal of 45% equity interest in Nantong Port Group Limited ("Nantong Port Group"), which was a sino-foreign joint venture enterprise registered in the PRC and engaged in operation of ports, at a consideration of about RMB1,666,643,000 (equivalent to about $1,966,201,000). Nantong Port Group ceased to be an associate of the Group upon and after the disposal. The disposal has resulted in the recognition of a gain of about $847,628,000 (2016: Nil) and a taxation charge of about $154,369,000 (2016: Nil) (Note 9). Other reserves in relation to the associate amounting to about $30,345,000 are credited to the retained profits upon the disposal.

The consideration net of applicable PRC withholding tax of about $1,811,832,000 is fully received in cash during the period, after deduction of other direct costs up to 30 September 2017, net proceeds from the disposal were about $1,779,252,000.

8. *Profit (loss) before taxation*

	Unaudited Six months ended 30 September	
	2017	2016
	$'000	*$'000*
Profit (loss) before taxation has been arrived at after charging (crediting):		
Amortisation of other intangible assets:		
Amount provided for the period	**31,874**	866
Less: Amount capitalised in respect of properties under development for sale (included in stock of properties)	**(23)**	(23)
	31,851	843
Cost of inventories recognised as an expense	**62,409**	85,690
Depreciation of property, plant and equipment:		
Amount provided for the period	**62,054**	26,674
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)	**(63)**	(77)
	61,967	26,505
Release of prepaid lease payments	**2,759**	2,811
Dividend income from investments in equity instruments held for trading	**(313)**	(1,910)
Total interest income (included in revenue and other income)	**(12,319)**	(7,811)

9. *Taxation*

	Unaudited Six months ended 30 September	
	2017	2016
	$'000	*$'000*
Taxation charge (credit) comprises:		
Taxation arising in the PRC excluding Hong Kong:		
Current period	**161,371**	3,996
Underprovision in prior periods	**373**	175
	161,744	4,171
Deferred taxation		
Land Appreciation Tax ("LAT")	**28,037**	(290)
Others	**10,938**	(5,183)
	38,975	(5,473)
Taxation attributable to the Company and its subsidiaries	**200,719**	(1,302)

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.

The tax rate for the Group's subsidiaries in the PRC is 25% from 1 January 2008 onwards.

The current period taxation arising in the PRC excluding Hong Kong includes an income tax charge of about $154,369,000 (2016: Nil), which represents the PRC income tax charged on the gain on disposal of an associate (see Note 7 for details). 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 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.

10. Earnings (loss) per share

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

	Unaudited Six months ended 30 September	
	2017	2016
	$'000	*$'000*
Profit (loss) for the period attributable to owners of the Company for the purpose of basic and diluted earnings (loss) per share	**503,451**	(8,258)

	Unaudited Six months ended 30 September	
	2017 Number of shares	2016 Number of shares
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**5,310,723,315**	4,577,360,572
Effect of dilutive potential ordinary shares:		
Share options	**328,418**	–
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	**5,311,051,733**	4,577,360,572

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

11. Distribution

No dividend was recognised as distribution during both periods.

12. *Movements in property, plant and equipment*

During the period, additions to the Group's property, plant and equipment amounted to about $39,284,000 (2016: $11,963,000), which mainly included the cost of construction in progress amounting to about $32,265,000 (2016: $6,382,000) incurred during the period.

Minsheng Gas, who operates LPG and CNG fueling stations and a LPG storage-tank farm in Wuhan, Hubei Province, the PRC, had successfully transformed five CNG fueling stations from LPG fueling stations in prior years, which the CNG distribution business of Minsheng Gas has delivered a more stable profit margin to Minsheng Gas. The Group is devising solution to strengthen the profitability and sale performance of Minsheng Gas, which the remaining LPG fueling stations will be gradually transformed into CNG fueling stations. In view of the transformation, the directors of the Company reassess the useful life of relevant assets relating to Minsheng Gas and consider that certain of the plant and equipment and the intangible assets have shorter estimated useful lives resulting in accelerated depreciation and amortisation respectively. In respect of the LPG storage-tank farm, its recoverable amount has been determined on the basis of its value in use by the LPG distribution business of Minsheng Gas before the transformation and the leasing of LPG storage-tank farm to independent third parties after the transformation. Its recoverable amount as at 30 September 2017 amounted to about $57,227,000 has been arrived at on the basis of valuation carried out by Asset Appraisal Limited, an independent qualified professional valuer not connected with the Group. Its value in use calculation uses cash flow projection covering the remaining useful life of the relevant assets at a discount rate of 10.4%, which the projection is determined based on past transactions and the management's expectations for future changes in market. Accordingly, an impairment loss of about $144,797,000 (2016: Nil) is recognised to profit or loss during the period in respect of property, plant and equipment of the Group.

13. *Investment properties*

	Leasehold properties in the PRC *$'000*	Developed land *$'000* (note a)	Land under development *$'000* (note b)	Total *$'000*
FAIR VALUE				
At 1 April 2017 (audited)	245,361	285,553	558,691	1,089,605
Exchange realignment	10,201	14,027	22,482	46,710
Additions	131	-	4,150	4,281
Disposal	(172)	-	-	(172)
Net increase (decrease) in fair value recognised in the condensed consolidated income statement	6,685	138,728	(34,207)	111,206
At 30 September 2017 (unaudited)	262,206	438,308	551,116	1,251,630

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.

14. *Investments in equity instruments*

	Unaudited 30.9.2017 *$'000*	Audited 31.3.2017 *$'000*
Listed equity securities, at quoted bid price in Hong Kong (note a)	**36,128**	92,469
PRC unlisted equity securities (note b)	**378,825**	359,347
	414,953	451,816

notes:

(a) As at 30 September 2017, the investment in Hong Kong listed equity securities represents 4.67% (31.3.2017: 4.67%) equity interest in The 13 Holdings Limited.

(b) As at 30 September 2017, 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 $378,376,000 (31.3.2017: $358,916,000); and

ii) less than 20% interests in certain PRC companies held by Yichang Port Group Limited (the "Yichang Port Group"), a non-wholly-owned subsidiary of the Company, which are mainly engaged in port related services of about $449,000 (31.3.2017: $431,000).

15. *Stock of properties*

	Unaudited 30.9.2017 *$'000*	Audited 31.3.2017 *$'000*
Properties under development for sale (note a)	**1,101,608**	1,056,262
Completed properties held for sale (note b)	**418,463**	407,808
	1,520,071	1,464,070

notes:

(a) Properties under development for sale are situated in Jiangsu province, the PRC. They comprise (1) Land Being Formed which is developed for future sale; (2) Formed Land which is also developed for future sale in the ordinary course of business.

At 30 September 2017, properties under development for sale amounting to about $357,897,000 (31.3.2017: $340,802,000) are carried at net realisable value.

At 30 September 2017, properties under development for sale include Formed land of about $713,833,000 (31.3.2017: $695,250,000) for which the Group may have to obtain certain appropriate certificates for the disposal of the Formed Land. Based on the past experience, the directors of the Company consider that there is no material impediment to obtain these certificates for the Group.

(b) Completed properties held for sale are situated in Jiangsu Province, the PRC. At 30 September 2017, completed properties held for sale amounting to about $227,684,000 (31.3.2017: $218,603,000) are carried at net realisable value.

16. 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 $98,158,000 (31.3.2017: $105,901,000). The Group does not hold any collateral over the balance (31.3.2017: Nil). Their ageing analysis, net of allowance for doubtful debts, presented based on the invoice date at the end of the reporting period is as follows:

	Unaudited 30.9.2017 *$'000*	Audited 31.3.2017 *$'000*
Within 90 days	**82,569**	73,428
More than 90 days and within 180 days	**13,982**	17,336
More than 180 days	**1,607**	15,137
	98,158	105,901

17. Investment in debt instruments held for trading

The balance represents the investment in debt securities listed in Singapore which states at fair value using mid-market pricing. As at 30 September 2017, this investment was pledged to secure a borrowing obtained by the Group.

18. Trade and other creditors and accrued expenses

Included in trade and other creditors and accrued expenses are trade creditors of about $68,717,000 (31.3.2017: $65,421,000) and their ageing analysis presented based on the invoice date at the end of the reporting period is as follows:

	Unaudited 30.9.2017 *$'000*	Audited 31.3.2017 *$'000*
Within 90 days	**52,408**	49,873
More than 90 days and within 180 days	**896**	672
More than 180 days	**15,413**	14,876
	68,717	65,421

19. Movements in bank and other borrowings

During the period, the Group raised new bank and other borrowings of about $874,754,000 (2016: $1,528,963,000) and repaid about $1,312,583,000 (2016: $1,349,989,000). The secured bank and other borrowings as at 30 September 2017 were about $749,951,000 (31.3.2017: $662,116,000).

As at 30 September 2017, bank deposits of about $11,873,000 (31.3.2017: $113,000) were pledged to banks to secure general banking facilities granted to the Group.

20. *Share capital*

	Number of shares	Value $'000
Ordinary shares of $0.10 each:		
Authorised:		
At 1 April 2016, 30 September 2016, 31 March 2017 and 30 September 2017	10,000,000,000	1,000,000
Issued and fully paid:		
At 1 April 2016 and 30 September 2016	4,577,360,572	457,736
Issue of shares under share option scheme	10,048,000	1,005
At 31 March 2017	4,587,408,572	458,741
Issue of shares under share option scheme (note a)	16,702,000	1,670
Issue of placing shares (note b)	915,470,000	91,547
At 30 September 2017	5,519,580,572	551,958

notes:

(a) During the period, the Company issued 16,702,000 (2016: Nil) ordinary shares of $0.10 each at the subscription price of $0.1624 per share upon exercise of the share options granted under the share option scheme of the Company.

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

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

21. *Event after the reporting period*

On 26 October 2017, the Group subscribed convertible bond issued by a listed company, Huajun Holdings Limited, in the aggregate principal amount of $175,000,000 and bears interest at the rate of 10% per annum.

INTERIM DIVIDEND

The Board of PYI has resolved not to declare any interim dividend for the six months ended 30 September 2017 (2016: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF FINANCIAL PERFORMANCE AND POSITION

For the six months ended 30 September 2017, the Group recorded a consolidated revenue of about $299 million (2016: $257 million), representing an increase of about 16% from last corresponding period. The growth in consolidated revenue was mainly attributed to higher contribution from ports and logistics business segment. After taking into account the share of revenue of associates and joint ventures, the revenue was about $2,119 million (2016: $2,310 million), representing a decrease of 8% 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 20% from last corresponding period to about $96 million (2016: $80 million), which represented a gross margin of 32% (2016: 31%) of the consolidated revenue. As benefited from the increased cargo throughput of Yichang Port and its total logistics services captured the growing demand of multi-modal transportation and storage, the revenue of ports and logistics business segment was escalated and resulted in an overall improvement in gross profit of the Group during the period.

During the period, the Group disposed of 45% equity interest in Nantong Port Group at a consideration of about RMB1,667 million (equivalent to about $1,966 million) (2016: Nil). Nantong Port Group ceased to be an associate of the Group and a disposal gain of about $848 million (2016: Nil) with a tax charge of about $155 million (2016: Nil) had been recognised.

The Group's distribution and selling expenses increased by 383% to about $92 million (2016: $19 million), mainly due to accelerated depreciation and amortisation in value of LPG fueling station assets (including LPG plant and machinery and related intangible assets) of about $68 million, while an impairment write-down in value of LPG storage-tank farm of about $145 million (2016: Nil) was charged to income statement during the period, reflecting the current market conditions and the necessity to plan for the conversion of all of the existing LPG fueling stations of Minsheng Gas in Wuhan, Hubei Province, the PRC into CNG fueling stations in the near future to strengthen the profitability and sale performance of Minsheng Gas.

During the period, the Group recorded a profit before taxation of about $726 million (2016: loss before taxation of about $5 million), which was composed of:

(i) net gain of about $5 million (2016: $13 million) in Paul Y. Engineering Group mainly engaged in management contracting and property development management businesses;
(ii) net gain of about $704 million (2016: $52 million) in ports and logistics business;
(iii) net gain of about $80 million (2016: $7 million) in property business;
(iv) net gain of about $12 million (2016: $11 million) in treasury business;
(v) net corporate and other expenses of about $43 million (2016: $57 million), which included acquisition-related costs of about $6 million (2016: $8 million) and net exchange gain of about $8 million (2016: loss of about $14 million); and
(vi) finance costs of about $32 million (2016: $31 million).

Net profit for the period attributable to the owners of PYI was about $503 million (2016: net loss of $8 million) and basic earnings per share was 9.5 cents (2016: basic loss per share of 0.2 cent). The restoration of remarkable profitability from the net loss in last period was mainly attributable to net effect of (a) a net gain after tax on disposal of 45% equity interest in Nantong Port Group of about $693 million (2016: Nil); and (b) charging a one-off accelerated depreciation and amortisation and an impairment provision in value of LPG business assets of Minsheng Gas in total of about $205 million (2016: Nil) after crediting deferred tax credit of about $8 million (2016: Nil) during the period.

When compared with the Group's financial position as at 31 March 2017, total assets increased by 5% to about $8,204 million (31.3.2017: $7,782 million). As at 30 September 2017, net current assets amounted to about $2,624 million (31.3.2017: $792 million), whereas current ratio deriving from the ratio of current assets to current liabilities strengthened to 3.11 times (31.3.2017: 1.49 times). Such improvement in liquidity position was attributable to the net proceeds received from disposal of Nantong Port Group during the period. After taking into account (a) the net profit of about $503 million; (b) the decrease in carrying amount of equity investments not held for trading of about $37 million recognised in investment revaluation reserve; (c) the Renminbi exchange surplus of about $26 million arising from translation of foreign operations net of reclassification adjustment upon disposal of an associate; (d) the net proceeds from placing of new shares of about $139 million; and (e) the proceeds from exercise of share options of about $3 million, equity attributable to owners of PYI was increased by 16% to about $4,643 million (31.3.2017: $4,009 million), representing $0.84 (31.3.2017: $0.87) per share as at 30 September 2017.

Net cash outflow from operating activities was about $200 million (2016: inflow of about $1 million), which was mainly due to an acquisition of debt instruments held for trading of about $216 million (2016: Nil) during the period. Net cash inflow from investing activities was about $1,673 million (2016: outflow of about $90 million), which was mainly derived from the net proceeds from disposal of Nantong Port Group of about $1,779 million (2016: Nil). Net cash outflow from financing activities was about $354 million (2016: inflow of about $80 million), resulting from net repayment of bank and other borrowings of about $438 million (2016: net new borrowings raised of about $179 million) during the period. Consequently, there was a net increase in available cash and cash equivalents of about $1,119 million (2016: net decrease of about $9 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, which most of our ports recorded a satisfactory increase in both bulk cargo throughput and container throughput. Nonetheless, PYI takes heed of the challenging economic landscape ahead through enhancement of operational efficiency measures.

Nantong Port Group (45% owned before the disposal on 14 September 2017)

Nantong Port Group contributed about $891 million (2016: $29 million) to the segment's operating profit for the period, which comprised the gain on disposal of the Group's 45% equity interest in Nantong Port Group of about $848 million (2016: Nil) and share of its result by the Group up to the date of disposal on 14 September 2017 of about $43 million (2016: $29 million). A tax charge of about $155 million (2016: Nil) in relation to the disposal had been recognised to the condensed consolidated income statement during the period.

In coping with Nantong Municipal Government's plan for the consolidation of port assets in the city, which would also serve as a good opportunity for the Group to realise a considerable gain and to generate cash inflow to diversify and explore other business prospects and investment opportunities, a conditional agreement for the disposal of the Group's 45% equity interest in Nantong Port Group Limited was entered into on 21 July 2017. The disposal was completed on 14 September 2017. Full and final payment in the amount of about $1,812 million (net of tax) was received by 21 September 2017.

Cargo throughput of Nantong Port Group in the first half of 2017 remained steady at about 30 million tonnes (2016: 30 million tonnes), while the container throughput in the first half of 2017 increased by 9% to about 296,000 TEUs (2016: 271,000 TEUs).

Yichang Port Group (51% owned)

Yichang Port Group contributed about $21 million (2016: $12 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 cargo throughput and its total logistics services captured the growing demand of multi-modal transportation and storage.

Yichang Port is situated on the Yangtze River near the Three Gorges Dam in Yichang, Hubei Province. Yichang Port Group is principally engaged in transport logistics and minor properties investments, providing transportation, cargo loading and discharging, storage, as well as container services in its 62.4%-owned Yunchi terminals, shipping agent, cargo agent, port logistics and port equipment rental services and commodities trading in Yichang Port.

Cargo throughput of Yichang Port Group for the six months ended 30 September 2017 increased by 47% to about 5.0 million tonnes (2016: 3.4 million tonnes). Its container throughput increased by 11% to about 72,000 TEUs (2016: 65,000 TEUs) during the period.

Jiangyin Sunan Container Terminal (40% owned)

Jiangyin Sunan contributed an operating profit of about $6 million (2016: $5 million) to the Group, which was benefited from the increased container throughput during the period. On the other hand, a one-off write-off of premium on land acquisition rights of about $18 million (2016: Nil) was shared by the Group, which resulted in a net loss by Jiangyin Sunan of about $12 million attributable to the segment’s operating result.

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 2017 increased by 10% to about 256,000 TEUs (2016: 232,000 TEUs).

Jiaxing International Feeder Port (90% owned)

Jiaxing International Feeder Port contributed about $10 million (2016: $6 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 container throughput.

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 2017 increased by 29% to about 102,000 TEUs (2016: 79,000 TEUs).

LPG, CNG and Logistics (100% owned)

The LPG and CNG distribution and logistics businesses of Minsheng Gas contributed an operating profit of about $7 million (2016: breakeven result) during the period, which was benefited from the successful control of its gas procurement cost to attain a higher gross margin. However, accelerated depreciation and amortisation in value of LPG fueling station assets (including LPG plant and machinery and related intangible assets) in total of about $68 million (2016: Nil) were charged to distribution and selling expenses and an impairment write-down in value of its LPG storage-tank farm of about $145 million (2016: Nil) was made during the period. This resulted in a net loss by Minsheng Gas of about $206 million (2016: breakeven result) attributable to the segment’s operating result.

Currently, Minsheng Gas owns and operates the largest LPG storage-tank farm and a river terminal in mid-stream Yangtze, and has nine LPG and five CNG automotive fueling stations in Wuhan City. Five LPG fueling stations had been transformed to CNG in prior years with a view to improve profit margin. The aforesaid charges and write-downs on LPG business related assets during the period reflected the current market conditions and the necessity to plan for the conversion of all of the remaining LPG fueling stations into CNG in the near future to strengthen the profitability and sale performance of Minsheng Gas. Minsheng Gas is also considering its options in exploring new market opportunities in line with the nation-wide promotion of liquefied natural 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 (2016: Nil).

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

PYI continues to enjoy the future growth of Yangkou Port through the 9.9% equity interest, which is intended to be held for long-term investment purpose and is classified as an investment in equity instrument. As at 30 September 2017, the investment in Yangkou Port Co was stated at fair value of about $378 million (31.3.2017: $359 million).

Engineering Business

Paul Y. Engineering (48.2% owned)
Paul Y. Engineering contributed about $5 million (2016: $13 million) to the segment's operating profit for the period. Its performance was being affected by drop in revenue recognised during the period.

During the period, Paul Y. Engineering recorded a revenue of about $3,075 million (2016: $3,746 million) and secured new contracts of about $4,435 million (2016: $4,968 million) in aggregate value. As at 30 September 2017, the total value of contracts on hand of Paul Y. Engineering was about $28,153 million (31.3.2017: $27,227 million) and the value of work remaining was about $13,193 million (31.3.2017: $11,424 million). Paul Y. Engineering will continue to explore new development opportunities in overseas markets and to expand the local construction business by using cautious tendering strategies.

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

Property

The property business recorded an operating profit of about $80 million (2016: $7 million) for the period. The operating profit was mainly attributable to the net gain on fair value changes of investment properties of about $111 million (2016: $4 million) and rental income of about $8 million (2016: $7 million), while provision for doubtful receivables of about $31 million (2016: Nil) and net development expenses for resort project at Xiao Yangkou of about $5 million (2016: $1 million) were also included in the operating result during the period. A deferred tax charge of about $51 million (2016: $1 million) in relation to the fair value changes of investment properties had been charged to the condensed consolidated income statement during the period.

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 2017, about 6.89 sq km (31.3.2017: 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
2.09	Developed land	Stock of properties
1.89	Land under development	Stock of properties
0.03	Developed land	Prepaid lease payment
4.61	Pending development	Project under development
11.50		

The investment properties of about 2.88 sq km are measured at fair value of about $989 million (31.3.2017: $844 million) and recorded a gain on revaluation of about $105 million (2016: $1 million) for the period.

As at 30 September 2017, certain stock of properties amounting to about $586 million (31.3.2017: $559 million) was stated at net realisable value.

As at 30 September 2017, a gross floor area of about 6,000 sq m of "Nantong International Trade Center", a commercial and office development in the central business district of Nantong City, had been rented out for hotel operation and were classified as investment properties. The investment properties did not record fair value change for the period (2016: Nil). The Group also holds a gross floor area of about 13,000 sq m of "Nantong International Trade Center" for sale. The building contributed rental income of about $3 million (2016: $3 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 117,000 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 2017. The investment properties recorded a gain on fair value changes of about $6 million (2016: $3 million) and contributed rental income of about $5 million (2016: $4 million) to the Group during the period.

In the Hangzhou Hi-Tech Industry Development Zone of Bingjiang, Hangzhou City, the Group holds jointly with Paul Y. Engineering an office building known as "Pioneer Technology Building", which has a gross floor area of about 20,000 sq m. The building generated rental income of about $6 million (2016: $6 million) during the period and its occupancy reached about 96% as at 30 September 2017.

Treasury

The treasury investments contributed about $12 million (2016: $11 million) to the Group's operating profit for the period. The operating profit of the current period was mainly attributable to the gain on changes in fair value of investment in debt instruments held for trading of about $6 million (2016: Nil), and interest income from high-yield loans, debt instruments and bank deposits net of specific financing costs of about $6 million (2016: $6 million). In last period, listed securities held for trading recorded a fair value gain of about $3 million and generated dividend income of about $2 million, which were disposed of during the current period.

As at 30 September 2017, the Group’s portfolio of debts and securities investments and high-yield loans were mainly consisted of (a) the investment in debt instruments held for trading amounted to about $222 million (31.3.2017: Nil), equivalent to about 2.7% (31.3.2017: Nil) of the Group's total assets; (b) portfolio of high-yield loans receivable amounted to about $102 million (31.3.2017: $62 million), equivalent to about 1.2% (31.3.2017: 0.8%) of the Group's total assets; and (c) interest-bearing amounts due from associates of about $75 million (31.3.2017: $32 million), equivalent to about 0.9% (31.3.2017: 0.4%) of the Group's total assets.

The management has reviewed and repositioned the operations of this business segment with a view to expand our treasury investment and securities trading activities, as well as exploring for opportunities to diversify into provision of financial services in order to enhance the overall return in this area.

MATERIAL ACQUISITION AND DISPOSAL

On 14 September 2017, the Group disposed of 45% equity interest in Nantong Port Group at a consideration of about RMB1,667 million (equivalent to about $1,966 million) and it ceased to be an associate of the Group.

Apart from the above, the Group did not have other material acquisition and disposal of subsidiaries, associates and joint ventures during the period.

EVENT AFTER THE REPORTING PERIOD

On 26 October 2017, the Group subscribed convertible bond issued by a listed company, Huajun Holdings Limited, in the aggregate principal amount of $175 million and bears interest at the rate of 10% per annum.

OUTLOOK

Trades and logistics have enjoyed moderate growth in this period. Current government policies assert particular emphasis on the more efficient utilisation of port assets in Yangtze River region by way of consolidation of ownership and operations. In line with such policies, PYI will continue to focus on capturing opportunities to crystalise the value of our Yangtze Strategy. With a strengthened balance sheet, PYI is poised to exploring for alternative business opportunities, with a view to expanding our treasury investment and securities trading activities and to diversifying into provision of financial services.

LIQUIDITY AND CAPITAL RESOURCES

As at 30 September 2017, the Group had total assets of $8,204 million (31.3.2017: $7,782 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 nine 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 2017, the Group's total borrowings amounted to about $1,469 million (31.3.2017: $1,866 million) with about $895 million (31.3.2017: $1,325 million) repayable on demand or within one year and about $574 million (31.3.2017: $541 million) repayable after one year, which comprised (a) bank and other borrowings; and (b) amounts due to non-controlling interests that were interest bearing. Borrowings denominated in Hong Kong dollar of about $137 million (31.3.2017: $702 million) bore interest at floating rate and about $87 million (31.3.2017: $1 million) bore interest at fixed rate. Borrowings denominated in Renminbi of about $607 million (31.3.2017: $597 million) bore interest at floating rate and about $638 million (31.3.2017: $566 million) bore interest at fixed rate. The Group's gearing ratio was 0.32 (31.3.2017: 0.47), which was calculated based on the total borrowings of about $1,469 million (31.3.2017: $1,866 million) and the Group's shareholders' funds of about $4,643 million (31.3.2017: $4,009 million).

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

Cash, bank balances and deposits of the Group as at 30 September 2017 amounted to about $1,634 million (31.3.2017: $500 million), of which about $355 million (31.3.2017: $311 million) was denominated in Renminbi, about $1,273 million (31.3.2017: $186 million) was denominated in Hong Kong dollar and about $6 million (31.3.2017: $3 million) was denominated in other currencies. The balance of about $12 million (31.3.2017: $0.1 million) had been pledged to banks to secure general credit facilities granted to the Group. As at 30 September 2017, the Group had reinstated to a net cash position (being cash, bank balances and deposits net of bank borrowings) of about $457 million (31.3.2017: net debt position of about $1,193 million), which was mainly attributed to the receipt of net proceeds from disposal of Nantong Port Group during the period.

CONTINGENT LIABILITY

As at 30 September 2017, the Group had no contingent liability (31.3.2017: Nil).

PLEDGE OF ASSETS

As at 30 September 2017, certain property interests, property, plant and equipment, bank balances, debt instruments and securities account of the Group with an aggregate value of about $1,041 million (31.3.2017: $924 million), as well as the Company's investments in certain subsidiaries of about $279 million (31.3.2017: $445 million) were pledged to banks and financial institutions to secure general credit facilities granted to the Group.

COMMITMENTS

As at 30 September 2017, 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 $25 million (31.3.2017: $11 million).

NUMBER OF EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2017, the Group employed a total of 1,486 (31.3.2017: 1,486) 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 2017, 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 2017, 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 not less than half the number thereof being independent non-executive directors.

PYI has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code for dealing in the securities of PYI by PYI's directors and the relevant employees of the Group. According to specific enquiries made by PYI, all PYI's directors and relevant employees of the Group have confirmed their compliance with the required standard set out in the Model Code throughout the six months ended 30 September 2017.

REVIEW OF ACCOUNTS

The Group's unaudited results for the six months ended 30 September 2017 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 Relations" and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk under "Listed Company Information". The 2018 Interim Report will be despatched to the shareholders of PYI and posted on the aforesaid websites in December 2017.

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

Hong Kong, 24 November 2017

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

Mr Lau Tom Ko Yuen	:	Chairman and Managing Director
Mr Sue Ka Lok	:	Executive Director
Ms Wu Yan Yee	:	Executive Director
Mr Chan Shu Kin	:	Independent Non-Executive Director
Ms Wong Lai Kin, Elsa	:	Independent Non-Executive Director
Mr Mok Yat Fan, Edmond	:	Independent Non-Executive Director