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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).)

2021 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 2020.

FINANCIAL HIGHLIGHTS

	9/2020	9/2019	Change
Revenue of the Group	$191 million	$256 million	-25%
Gross proceeds from securities trading of the Group	$82 million	$32 million	+156%
Share of revenue of associates and joint ventures	$2,587 million	$2,538 million	+2%
	$2,860 million	$2,826 million	+1%
Gross profit	$85 million	$98 million	-13%
Loss attributable to shareholders	$(34) million	$(205) million	-83%
Loss per share*	(3.1) cents	(18.6) cents	-83%

	9/2020	3/2020	Change
Shareholders' funds	$3,721 million	$3,678 million	+1%
Net asset value per share*	$3.37	$3.33	+1%

* Adjusted for share consolidation with effect from 30 October 2020.

RESULTS

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2020

	Notes	Unaudited Six months ended 30 September 2020 $'000	2019 $'000
Revenue of the Company and its subsidiaries	4	**191,478**	256,289
Gross proceeds from securities trading of the Company and its subsidiaries	4	**81,528**	31,457
Share of revenue of associates and joint ventures	4	**2,586,727**	2,537,788
		2,859,733	2,825,534
Group revenue			
Sales and services income	3	**166,154**	222,173
Interest income	3	**23,237**	29,946
Others	3	**2,087**	4,170
		191,478	256,289
Cost of sales		**(106,812)**	(157,976)
Gross profit		**84,666**	98,313
Other income	5	**4,023**	3,191
Administrative expenses		**(50,648)**	(64,927)
Distribution and selling expenses		**(19,402)**	(25,204)
Other gains and losses	6	**22,074**	(21,558)
Net gain (loss) on fair value changes of financial assets	7	**272,828**	(161,836)
Other expenses		**(4,852)**	(7,017)
Impairment loss recognised on financial assets, net	8	**(74,930)**	(71,876)
Write-down of stock of properties	18	**(547,348)**	(18,356)
Finance costs	9	**(9,485)**	(14,845)
Gain on disposal of subsidiaries	10	**140,964**	88,459
Net (loss) gain on fair value changes of investment properties	16	**(191,899)**	26,446
Share of results of associates		**32,296**	19,875
Share of results of joint ventures		**(7,638)**	(1,099)
Loss before taxation	11	**(349,351)**	(150,434)
Taxation	12	**211,604**	(46,808)
Loss for the period		**(137,747)**	(197,242)
(Loss) profit for the period attributable to:			
Owners of the Company		**(33,671)**	(205,348)
Non-controlling interests		**(104,076)**	8,106
		(137,747)	(197,242)
Loss per share			(restated)
Basic	13	**(3.1) cents**	(18.6) cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 September 2020

	Unaudited Six months ended 30 September 2020 $'000	2019 $'000
Loss for the period	**(137,747)**	(197,242)
OTHER COMPREHENSIVE INCOME (EXPENSE)		
Item that will not be reclassified to profit or loss		
Change in carrying amount of investments in equity instruments	**(18,978)**	(30,325)
Items that may be subsequently reclassified to profit or loss		
Exchange differences arising from translation of foreign operations	**65,677**	(144,602)
Share of exchange differences of associates and joint ventures	**5,963**	(18,643)
Reclassification adjustment on disposal of subsidiaries	**36,854**	8,584
Other comprehensive income (expense) for the period	**89,516**	(184,986)
Total comprehensive expense for the period	**(48,231)**	(382,228)
Total comprehensive income (expense) for the period attributable to:		
Owners of the Company	**43,167**	(355,113)
Non-controlling interests	**(91,398)**	(27,115)
	(48,231)	(382,228)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 September 2020

	Notes	**Unaudited 30.9.2020 *$'000***	Audited 31.3.2020 *$'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*15*	**246,075**	157,731
Right-of-use assets	*15*	**61,505**	64,904
Investment properties	*16*	**960,932**	1,109,706
Project under development		**170,843**	163,950
Other intangible assets		**2,853**	2,832
Interests in associates		**339,314**	294,698
Interests in joint ventures		**104,566**	108,261
Investments in equity instruments	*17*	**294,988**	313,966
		2,181,076	2,216,048
CURRENT ASSETS			
Stock of properties	*18*	**952,673**	1,522,775
Inventories of finished goods		**4,983**	2,835
Loans receivable	*19*	**129,114**	150,119
Amounts due from associates		**65,758**	68,552
Amount due from a joint venture		**2,285**	3,335
Trade and other debtors, deposits and prepayments	*20*	**321,802**	154,160
Investments in debt instruments held for trading		**219,995**	248,335
Investments in equity instruments held for trading		**512,549**	191,668
Pledged bank deposits		**6,734**	11,528
Short term bank deposits		**423,650**	48,959
Bank balances and cash		**370,637**	295,617
		3,010,180	2,697,883
Assets classified as held for sale		**–**	753,412
		3,010,180	3,451,295
CURRENT LIABILITIES			
Trade and other creditors and accrued expenses	*21*	**135,214**	124,180
Contract liabilities		**1,557**	47,472
Lease liabilities		**6,288**	7,778
Amounts due to non-controlling interests		**99,800**	96,132
Taxation payable		**2,183**	2,305
Bank and other borrowings – due within one year	*22*	**257,591**	190,781
		502,633	468,648
Liabilities associated with assets classified as held for sale		**–**	195,709
		502,633	664,357
NET CURRENT ASSETS		**2,507,547**	2,786,938
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,688,623**	5,002,986

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 September 2020

	Notes	Unaudited 30.9.2020 $'000	Audited 31.3.2020 $'000
NON-CURRENT LIABILITIES			
Bank and other borrowings – due after one year	22	**170,227**	201,091
Lease liabilities		**9,784**	12,201
Deferred tax liabilities		**518,742**	736,905
		698,753	950,197
		3,989,870	4,052,789
CAPITAL AND RESERVES			
Share capital	23	**551,958**	551,958
Reserves		**3,169,068**	3,125,901
Equity attributable to owners of the Company		**3,721,026**	3,677,859
Non-controlling interests		**268,844**	374,930
TOTAL EQUITY		**3,989,870**	4,052,789

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 September 2020

	Unaudited Six months ended 30 September 2020 $'000	2019 $'000
Net cash used in operating activities	**(74,927)**	(52,382)
Net cash from investing activities	**450,409**	165,286
Net cash from (used in) financing activities	**20,698**	(160,751)
Net increase (decrease) in cash and cash equivalents	**396,180**	(47,847)
Effect of foreign exchange rate changes	**10,322**	(6,790)
Cash and cash equivalents brought forward (note)	**387,785**	518,128
Cash and cash equivalents carried forward	**794,287**	463,491
Analysis of the balances of cash and cash equivalents		
Short term bank deposits	**423,650**	169,089
Bank balances and cash	**370,637**	294,402
	794,287	463,491

note: For the period ended 30 September 2020, cash and cash equivalents brought forward includes an amount of $43,209,000 which was included in assets classified as held for sale as at 31 March 2020.

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.

Other than changes in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2020 are the same as those presented in the Group's annual financial statements for the year ended 31 March 2020.

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. *Revenue*

Revenue is analysed as follows:

	Unaudited Six months ended 30 September 2020 $'000	2019 $'000
Sales and services income		
Income from port related services	**20,724**	123,800
Sale of LPG and CNG products	**40,840**	72,579
Sale of properties	**104,590**	25,794
	166,154	222,173
Interest income		
Interest income from loans receivable	**10,298**	16,432
Interest income from investments in debt instruments held for trading	**12,939**	13,514
	23,237	29,946
Others		
Property rental and related income	**324**	2,000
Dividend income from investments in equity instruments held for trading	**1,763**	2,170
	2,087	4,170
	191,478	256,289

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

4. *Segment information*

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

The information focuses more specifically on the strategic operation and development of each business unit and its performance is evaluated through organising business units with similar economic characteristics into an operating segment.

The Group's operating and reportable segments are as follows:

Paul Y. Engineering Group	- Building construction, civil engineering, development management, project management, facilities and asset management services and investment in properties
Ports development	- Development of ports facilities and ports related properties
Ports and logistics	- Operation of ports, LPG, CNG and liquefied natural gas ("LNG") distribution and logistics businesses
Property	- Development, investment, sale and leasing of real estate properties, developed land, land under development and projects under development
Securities	- Investment and trading of securities
Treasury	- Provision of credit services and cash management

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

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

4. *Segment information – continued*

Segment revenues and results

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

Six months ended 30 September 2020 (Unaudited)

	Paul Y. Engineering Group *$'000*	Ports development *$'000*	Ports and logistics *$'000*	Property *$'000*	Securities *$'000*	Treasury *$'000*	Segment total and consolidated *$'000*
Revenue of the Group	-	-	61,564	104,914	14,702	10,298	191,478
Gross proceeds from securities trading of the Group	-	-	-	-	81,528	-	81,528
Share of revenue of associates and joint ventures	2,583,904	-	-	2,823	-	-	2,586,727
	2,583,904	-	61,564	107,737	96,230	10,298	2,859,733
EBITDA (LBITDA)*	32,276	-	159,486	(713,681)	286,824	(63,861)	(298,956)
Depreciation and amortisation**	-	-	(13,671)	(1,134)	(297)	(297)	(15,399)
Segment results – EBIT (LBIT)	32,276	-	145,815	(714,815)	286,527	(64,158)	(314,355)
Corporate and other expenses***							(25,511)
Finance costs							(9,485)
Loss before taxation							(349,351)
Taxation							211,604
Loss for the period							(137,747)

4. Segment information – continued

Segment revenues and results - continued

Six months ended 30 September 2019 (Unaudited)

	Paul Y. Engineering Group $'000	Ports development $'000	Ports and logistics $'000	Property $'000	Securities $'000	Treasury $'000	Segment total and consolidated $'000
Revenue of the Group	-	-	196,379	27,794	15,684	16,432	256,289
Gross proceeds from securities trading of the Group	-	-	-	-	31,457	-	31,457
Share of revenue of associates and joint ventures	2,514,175	-	20,841	2,772	-	-	2,537,788
	2,514,175	-	217,220	30,566	47,141	16,432	2,825,534
EBITDA (LBITDA) *	13,237	-	140,995	12,882	(147,225)	(55,887)	(35,998)
Depreciation and amortisation**	-	-	(24,178)	(1,703)	(297)	(297)	(26,475)
Segment results – EBIT (LBIT)	13,237	-	116,817	11,179	(147,522)	(56,184)	(62,473)
Corporate and other expenses***							(73,116)
Finance costs							(14,845)
Loss before taxation							(150,434)
Taxation							(46,808)
Loss for the period							(197,242)

* Gain on disposal of subsidiaries of about $140,964,000 (2019: $88,459,000) has been recognised in the ports and logistics operating segment during the period.

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

*** Represents mainly unallocated administrative expenses and includes unallocated depreciation of about $4,515,000 (2019: $1,561,000), acquisition-related costs for potential projects of about $4,852,000 (2019: $5,788,000) and net exchange gain of about $22,161,000 (2019: exchange loss of $21,678,000).

4. *Segment information – continued*

Segment assets and liabilities

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

At 30 September 2020 (Unaudited)

	Paul Y. Engineering Group *$'000*	Ports development *$'000*	Ports and logistics *$'000*	Property *$'000*	Securities *$'000*	Treasury *$'000*	Segment total and consolidated *$'000*
ASSETS							
Segment assets	333,572	290,909	289,333	2,615,431	777,332	830,470	5,137,047
Unallocated assets							54,209
Consolidated total assets							5,191,256
LIABILITIES							
Segment liabilities	-	-	27,566	1,062,353	134	86,551	1,176,604
Unallocated liabilities							24,782
Consolidated total liabilities							1,201,386

At 31 March 2020 (Audited)

	Paul Y. Engineering Group *$'000*	Ports development *$'000*	Ports and logistics *$'000*	Property *$'000*	Securities *$'000*	Treasury *$'000*	Segment total and consolidated *$'000*
ASSETS							
Segment assets	298,958	309,706	946,527	3,204,966	444,747	389,126	5,594,030
Unallocated assets							73,313
Consolidated total assets							5,667,343
LIABILITIES							
Segment liabilities	-	-	247,894	1,298,271	487	37,130	1,583,782
Unallocated liabilities							30,772
Consolidated total liabilities							1,614,554

Segment assets and liabilities comprise assets and liabilities of the operating subsidiaries, as well as interests in associates, joint ventures and investments in equity instruments that are engaged in relevant segmental businesses. Accordingly, segment assets exclude corporate assets which are mainly certain bank balances and cash, interest in joint ventures, right-of-use assets and other receivables, and segment liabilities exclude corporate liabilities which are mainly certain other payables and lease liabilities.

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.

5. *Other income*

Other income includes:

	Unaudited Six months ended 30 September 2020 $'000	Unaudited Six months ended 30 September 2019 $'000
Bank and other interest income	**1,390**	1,878

6. *Other gains and losses*

	Unaudited Six months ended 30 September 2020 $'000	Unaudited Six months ended 30 September 2019 $'000
Net exchange gain (loss)	**22,161**	(21,678)
(Loss) gain on disposal of property, plant and equipment and right-of-use assets	**(87)**	120
	22,074	(21,558)

7. *Net gain (loss) on fair value changes of financial assets*

	Unaudited Six months ended 30 September 2020 $'000	Unaudited Six months ended 30 September 2019 $'000
Gain (loss) on changes in fair value of investments in debt instruments held for trading	**22,445**	(30,676)
Gain (loss) on changes in fair value of investments in equity instruments held for trading	**250,383**	(131,160)
	272,828	(161,836)

8. *Impairment loss recognised on financial assets, net*

	Unaudited Six months ended 30 September 2020 $'000	Unaudited Six months ended 30 September 2019 $'000
Impairment loss recognised on loans receivable	**(42,005)**	(66,292)
Impairment loss recognised on trade and other receivables (including interest receivables)	**(27,675)**	(5,584)
Impairment loss recognised on amounts due from associates	**(5,250)**	–
	(74,930)	(71,876)

9. *Finance costs*

	Unaudited Six months ended 30 September **2020** **$'000**	2019 $'000
Borrowing costs on:		
Bank borrowings	**14,384**	16,450
Amounts due to non-controlling interests	–	2,456
Imputed interest expense on other payables	–	193
Imputed interest expense on lease liabilities	**436**	262
Other borrowings	–	4,533
	14,820	23,894
Less: Amount capitalised in respect of construction in progress (included in property, plant and equipment)	**(4,994)**	(2,771)
Amount capitalised in respect of properties under development for sale (included in stock of properties)	**(341)**	(4,117)
Amount capitalised in respect of investment properties under development	–	(2,161)
	9,485	14,845

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.

10. *Disposal of subsidiaries*

In July 2020, the Group completed the disposals of its entire investment of (i) 90% equity interest in Jiaxing International Container Feeder Port Limited ("Jiaxing Port", a sino-foreign joint venture enterprise registered in the PRC and mainly engaged in the business of port operation in Jiaxing, Zhejiang Province, the PRC) at a consideration of about RMB375,078,000 (equivalent to about $410,819,000) and (ii) 100% equity interest in Paul Y. Corporation Limited ("Paul Y. Corp"), an investment holding company incorporated in Hong Kong which held 40% equity interest in Jiangyin Sunan International Container Terminal Co., Ltd. ("Jiangyin Sunan", a sino-foreign joint venture enterprise registered in the PRC and operates the container terminal in Jiangyin Port, Jiangsu Province, the PRC) at a consideration of about RMB294,181,000 (equivalent to about $325,349,000). The disposals of Jiaxing Port and Paul Y. Corp resulted a gain on disposal before taxation of about $83,985,000 and $56,979,000 respectively. Upon and after the disposals, Jiaxing Port together with its subsidiaries and Paul Y. Corp ceased to be subsidiaries of the Group, while Jiangyin Sunan ceased to be an associate of the Group.

At the end of June 2019, the Group completed the disposal of its entire investment of 51% equity interest in Yichang Port Group Limited ("Yichang Port Group"), which was a sino-foreign joint venture enterprise registered in the PRC and mainly engaged in operation of ports, at a consideration of about RMB381,220,000 (equivalent to about $433,697,000). Yichang Port Group and its subsidiaries ceased to be subsidiaries of the Group upon and after the disposal.

10. Disposal of subsidiaries – continued

	Unaudited Six months ended 30 September	
	2020	2019
	$'000	*$'000*
Net assets disposed of:		
Property, plant and equipment	**339,603**	791,144
Right-of-use assets	**108,265**	134,556
Investment properties	**–**	187,217
Other intangible assets	**–**	3,431
Interest in an associate	**247,375**	–
Investments in equity instruments	**–**	321
Other non-current assets	**–**	81,946
Trade and other debtors, deposits and prepayments	**19,149**	116,141
Bank balances and cash	**39,356**	177,502
Trade and other creditors and accrued expenses	**(17,362)**	(111,141)
Contract liabilities	**–**	(7,494)
Amounts due to non-controlling interests	**–**	(2,275)
Taxation payable	**–**	(7,241)
Bank and other borrowings	**(164,294)**	(428,852)
Deferred tax liabilities	**(2,408)**	(41,676)
Deferred income	**–**	(73,882)
Other payables	**–**	(18,137)
Total net assets	**569,684**	801,560
Less: non-controlling interests	**(32,471)**	(484,995)
	537,213	316,565

10. *Disposal of subsidiaries – continued*

	Unaudited Six months ended 30 September 2020 $'000	2019 $'000
Gain on disposal of subsidiaries:		
Cash considerations	**736,168**	433,697
Directly attributable costs and levies	**(21,137)**	(20,089)
Net assets disposed of	**(569,684)**	(801,560)
Non-controlling interests	**32,471**	484,995
Gain on disposal before taxation and release of attributable reserve	**177,818**	97,043
Cumulative exchange differences in respect of the net assets of subsidiaries reclassified from equity to profit or loss on loss of control of subsidiaries	**(36,854)**	(8,584)
Gain on disposal before taxation	**140,964**	88,459
Less: taxation (Note 12)	**(29,742)**	(28,065)
Gain on disposal after taxation	**111,222**	60,394
Net cash inflow arising on disposal:		
Cash consideration	**736,168**	433,697
Less: unreceived cash consideration classified as other receivables	**(120,276)**	–
Less: income tax, directly attributable costs and levies	**(50,879)**	(48,154)
Net cash consideration received	**565,013**	385,543
Less: bank balances and cash disposed of	**(39,356)**	(177,502)
	525,657	208,041

Jiaxing Port contributed about $20 million to the revenue of the Group and about $6 million to the net profit attributable to owners of the Company for the period ended 30 September 2020. The revenue of the Group and net profit attributable to owners of the Company contributed by Paul Y. Corp for the period ended 30 September 2020 were not significant.

Yichang Port Group contributed about $88.6 million to the revenue of the Group and about $4.3 million to the net profit attributable to owners of the Company for the period ended 30 September 2019.

Other reserves in relation to the above subsidiaries amounting to about $32,323,000 (2019: $11,546,000) had been credited to the retained profits upon the disposal.

11. Loss before taxation

	Unaudited Six months ended 30 September 2020 $'000	2019 $'000
Loss before taxation has been arrived at after charging:		
Amortisation of other intangible assets:		
Amount provided for the period	**45**	478
Less: Amount capitalised in respect of properties under development for sale (included in stock of properties)	**(22)**	(22)
	23	456
Cost of inventories recognised as an expense	**96,497**	69,989
Depreciation of property, plant and equipment:		
Amount provided for the period	**14,325**	22,903
Less: Amount capitalised in respect of investment properties under development	**(2)**	(3)
Amount capitalised in respect of construction in progress (included in property, plant and equipment)	**(11)**	(5)
Amount capitalised in respect of properties under development for sale (included in stock of properties)	**(5)**	(10)
	14,307	22,885
Depreciation of right-of-use assets:		
Amount provided for the period	**5,687**	4,800
Less: Amount capitalised in respect of construction in progress (included in property, plant and equipment)	**(103)**	(105)
	5,584	4,695

12. *Taxation*

	Unaudited Six months ended 30 September	
	2020	2019
	$'000	*$'000*
Taxation charge (credit) comprises:		
Taxation arising in the PRC excluding Hong Kong:		
Current period	**31,088**	32,409
(Over)underprovision in prior periods	**(81)**	2,136
	31,007	34,545
Deferred taxation		
Land Appreciation Tax ("LAT")	**(126,502)**	7,349
Others	**(116,109)**	4,914
	(242,611)	12,263
Taxation attributable to the Company and its subsidiaries	**(211,604)**	46,808

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the condensed consolidated financial statements. 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 for both periods as the assessable profits for the period ended 30 September 2020 was wholly absorbed by tax losses brought forward and no estimated assessable profits for the period ended 30 September 2019.

The tax rate for the Group's subsidiaries in the PRC is 25% for both periods.

For the period ended 30 September 2020, the taxation arising in the PRC excluding Hong Kong included an income tax charge of about $29,742,000 (2019: $28,065,000), which represented the PRC income tax charged on the gain on disposal of subsidiaries (see Note 10 for details). The capital gain derived from equity rights transfer by a non-resident enterprise, representing the difference between the consideration 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.

13. *Loss per share*

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

	Unaudited Six months ended 30 September 2020 $'000	2019 $'000
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	**(33,671)**	(205,348)

	Unaudited Six months ended 30 September 2020 Number of shares	2019 Number of shares (restated)
Number of ordinary shares for the purpose of basic loss per share (note)	**1,103,916,114**	1,103,916,114

note: The number of ordinary shares in issue for the periods ended 30 September 2020 and 2019 has been adjusted to reflect the share consolidation as detailed in Note 24 as if it had occurred on 1 April 2019.

The Company does not have any dilutive potential ordinary shares outstanding both periods.

14. *Distribution*

No dividend was recognised as distribution during both periods. The board of directors of the Company has resolved not to declare any dividend for the six months ended 30 September 2020 (2019: Nil).

15. *Movements in property, plant and equipment and right-of-use assets*

During the period, additions to the Group's property, plant and equipment amounted to about $94,241,000 (2019: $20,194,000), which mainly included the cost of construction in progress amounting to about $91,469,000 (2019: $18,195,000), incurred during the period.

During the period, the Group entered into new lease agreements for the use of land and building, thereby recognised right-of-use assets at amount equal to the corresponding lease liabilities of about $206,000 (2019: $424,000).

16. *Investment properties*

	Properties in the PRC *$'000*	Developed land *$'000* (note a)	Land under development *$'000* (note b)	Total *$'000*
FAIR VALUE				
At 1 April 2020 (audited)	69,139	449,836	590,731	1,109,706
Exchange realignment	2,382	17,459	22,240	42,081
Additions	-	-	1,044	1,044
Decrease in fair value recognised in the condensed consolidated income statement	(20,044)	(46,749)	(125,106)	(191,899)
At 30 September 2020 (unaudited)	51,477	420,546	488,909	960,932

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 levelling process (mainly representing the sand filling work to achieve levelling of the area) (the "Land Being Formed"). Upon the commencement of land levelling 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.

The fair values of the Group's investment properties at 30 September 2020 and 31 March 2020 have been arrived at on the basis of valuations carried out as at those dates by Asset Appraisal Limited, an independent qualified professional valuer not connected with the Group.

In determining the fair value of properties in the PRC, the highest and best use of the properties is their current use. The comparison method is adopted under which comparison based on information of recent transacted prices of comparable properties is made. Comparable properties of similar size, characteristic and location are analysed in order to arrive at a fair comparison of capital values.

In determining the fair value of Formed Land, the highest and best use of the Formed Land is for tourist and resort use, which correlates to the zoning of the area for tourist resort by the government. The comparison method is adopted under which comparison based on information of recent transacted prices of comparable lands is made, in which the tourism industry and thus transactions of tourist lands have been negatively impacted due to COVID-19 pandemic public health measures and travel restrictions. Comparable lands of similar size, characteristic and location are analysed in order to arrive at a fair comparison of capital values. Certain costs, including government levies and all necessary fees and expenses associated with the change of the Formed Land for tourist and resort use to be charged by the government, which are the best estimate based on the latest information available to the management of the Company, have been considered in arriving the fair value of the Formed Land.

In determining the fair value of Land Being Formed, the same highest and best use and the same comparison method are adopted and valuation has been considered for further costs to be expended for the development of the Land Being Formed into Formed Land. Further costs for completing the land levelling process and other development works as at 30 September 2020 are estimated to be about $458 million (31.3.2020: $432 million).

16. *Investment properties – continued*

One of the key inputs used in valuing the investment properties are the market price of comparable lands and properties, with an average comparable land price of RMB588 per square metre (31.3.2020: RMB658 per square metre) and average comparable property floor area prices ranged from RMB7,000 to RMB7,300 per square metre (31.3.2020: RMB9,700 to RMB10,300 per square metre), using direct comparison approach and taking into account of the difference in the nature, location and condition. The increase in the market price per square meter of comparable lands and properties would result in an increase in the fair value of the investment properties, and vice versa.

One of the key unobservable inputs is the 20% of saleable land discount on the comparable lands applied by the valuer in valuing the Formed Land and Land Being Formed. A slight change in the saleable land discount used would result in a significant change in fair value measurement of the Formed Land and Land Being Formed, while a slight change in other unobservable inputs in valuing the leasehold properties would have no significant effect to their fair value.

For the Formed Land, the Group may have to obtain certain appropriate certificates for the disposal. Based on past experience, the directors of the Company consider that there is no material impediment to obtain these certificates for the Group.

17. *Investments in equity instruments*

	Unaudited 30.9.2020 *$'000*	Audited 31.3.2020 *$'000*
Listed equity securities, at quoted market price in Hong Kong (note a)	**4,079**	4,260
PRC unlisted equity security (note b)	**290,909**	309,706
	294,988	313,966

notes:

(a) As at 30 September 2020, the investment in Hong Kong listed equity securities represents 4.47% (31.3.2020: 4.47%) equity interest in South Shore Holdings Limited.

(b) As at 30 September 2020, the investment in unlisted equity security is stated at fair value of about $290,909,000 (31.3.2020: $309,706,000) and represents 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.

18. *Stock of properties*

	Unaudited 30.9.2020 *$'000*	Audited 31.3.2020 *$'000*
Properties under development for sale (note a)	**611,708**	998,953
Completed properties held for sale (note b)	**340,965**	523,822
	952,673	1,522,775

notes:

(a) Properties under development for sale of about $80,835,000 (31.3.2020: $80,835,000) and $530,873,000 (31.3.2020: $918,118,000) are situated in Hong Kong and Jiangsu province, the PRC, respectively. They comprise (1) Land Being Formed which is being developed for future sale and (2) Formed Land which is also developed for future sale in the ordinary course of business.

At 30 September 2020, properties under development for sale amounting to about $312,171,000 (31.3.2020: $345,778,000) are carried at net realisable value in which write-down of stock of properties of about $403,464,000 (2019: Nil) has been recognised during the period.

At 30 September 2020, properties under development for sale include Formed Land of about $293,972,000 (31.3.2020: $669,673,000) 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) At 30 September 2020, completed properties held for sale amounting to about $340,334,000 (31.3.2020: $367,180,000) are carried at net realisable value in which write-down of stock of properties of about $143,884,000 (2019: $18,356,000) has been recognised during the period.

The write-down of stock of properties in aggregate of about $547,348,000 (2019: $18,356,000) recognised during the period are mainly attributable to the decline in net realisable values of the Formed Land for resort property development and completed resort properties at Xiao Yangkou, Jiangsu province, the PRC, in which the property market is negatively impacted by the tough economic condition and the government's property tightening measures.

The net realisable values of the Formed Land have been arrived on the basis of valuation carried out by Asset Appraisal Limited, an independent qualified professional valuer not connected with the Group. In determining the net realisable values, the expected proceeds from the sales of properties are deducted by the anticipated costs, including government levies, construction cost and all necessary expenses associated with the completion of property development and applicable selling expenses, which have also taken into account the discount factor of the lengthened sales and development cycle under current regulatory and economic circumstances.

The net realisable value for the completed properties held for sale represents the sales proceeds estimated based on the comparable properties of similar size, characteristic and location under prevailing market condition, less applicable selling expenses.

As at 30 September 2020, stock of properties includes an amount of about $848,086,000 (31.3.2020: $1,328,135,000) which is expected to be realised after more than twelve months from the end of the reporting period.

19. *Loans receivable*

	Unaudited 30.9.2020 *$'000*	Audited 31.3.2020 *$'000*
The amounts, net of allowance, include:		
Fixed-rate loans receivable (note a)	**120,464**	132,944
Floating-rate loans receivable (note b)	**8,650**	17,175
	129,114	150,119

notes:

(a) The gross amount of loans receivable of about $234,800,000 (31.3.2020: $213,800,000), before netting off cumulative loss allowance of about $114,336,000 (31.3.2020: $80,856,000), are unsecured, bear fixed interest rates from 10% to 15% (31.3.2020: 10% to 15%) and are repayable within one year (31.3.2020: one year).

(b) The gross amount of loans receivable of about $68,700,000 (31.3.2020: $68,700,000), before netting off cumulative loss allowance of about $60,050,000 (31.3.2020: $51,525,000), are unsecured, bear variable interest rates from 5% to 6% (31.3.2020: 5% to 6%) over the Best Lending Rate of Hong Kong Dollar as quoted by The Hong Kong and Shanghai Banking Corporation Limited ("HKBLR") (i.e. 10% to 11% (31.3.2020: 10% to 11%)) and are repayable on demand.

During the period, the Group provided $42,005,000 (2019: $66,292,000) impairment allowance, in particular, specific loss allowance of about $33,525,000 (2019: $62,356,000) for loans receivable in which have been in default and considered as credit-impaired.

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

Included in trade and other debtors, deposits and prepayments are trade debtors of about $62,503,000 (31.3.2020: $25,295,000). The Group's credit terms for trade debtors normally range from 30 days to 90 days. The Group does not hold any collateral over the balances. 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 30.9.2020 *$'000*	Audited 31.3.2020 *$'000*
Within 90 days	**49,631**	5,943
More than 90 days and within 180 days	**11,952**	13,526
More than 180 days	**920**	5,826
	62,503	25,295

21. Trade and other creditors and accrued expenses

Included in trade and other creditors and accrued expenses are trade creditors of about $22,784,000 (31.3.2020: $23,502,000) and their ageing analysis presented based on the invoice date at the end of the reporting period is as follows:

	Unaudited 30.9.2020 $'000	Audited 31.3.2020 $'000
Within 90 days	**20,928**	21,707
More than 180 days	**1,856**	1,795
	22,784	23,502

22. Movements in bank and other borrowings

During the period, the Group raised new bank and other borrowings of about $183,542,000 (2019: $547,826,000) and repaid about $161,481,000 (2019: $705,370,000). The secured bank and other borrowings as at 30 September 2020 were about $355,090,000 (31.3.2020: $359,229,000).

As at 30 September 2020, bank deposits of $6,734,000 (31.3.2020: $11,528,000) were pledged to banks to secure general banking facilities granted to the Group.

23. Share capital

	Number of shares	Value $'000
Ordinary shares of $0.10 each:		
Authorised:		
At 1 April 2019, 30 September 2019, 31 March 2020 and 30 September 2020	10,000,000,000	1,000,000
Issued and fully paid:		
At 1 April 2019, 30 September 2019, 31 March 2020 and 30 September 2020	5,519,580,572	551,958

24. EVENT AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, a special resolution for the capital reorganisation of the Company was passed in the special general meeting on 28 October 2020. Upon the effective of the capital reorganisation on 30 October 2020, the number of issued shares has consolidated from 5,519,580,572 shares into 1,103,916,114 shares and the amount of issued share capital has reduced from about $551,958,000 to about $110,392,000. The reduced share capital of about $441,566,000 has been transferred to the contributed surplus account of the Company. In addition, the board lot size of the Company's share trading on the Stock Exchange of Hong Kong has changed from 2,000 shares to 10,000 shares. Further details of the capital reorganisation were disclosed in the Company's announcement dated 23 September 2020 and the circular dated 5 October 2020.

INTERIM DIVIDEND

The Board of PYI has resolved not to declare any interim dividend for the six months ended 30 September 2020 (2019: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF FINANCIAL PERFORMANCE AND POSITION

For the six months ended 30 September 2020, the Group recorded consolidated revenue of about $191 million (2019: $256 million), representing a decrease of about 25% from last corresponding period, mainly due to (a) decrease in income from the port services after the disposals of Jiaxing Port and Yichang Port Group completed in the current period and last period respectively; (b) decrease in sales of LPG and CNG products as affected by the COVID-19 pandemic; despite (c) increase in revenue from the sale of properties during the period. After taking into account (a) the gross proceeds from securities trading and (b) the share of revenue of associates and joint ventures, the total revenue and gross proceeds were about $2,860 million (2019: $2,826 million).

The Group's gross profit decreased by 13% from last corresponding period to about $85 million (2019: $98 million), which was mainly attributable to disposals of Jiaxing Port and Yichang Port Group.

During the period, the Group recorded a loss before taxation of about $349 million (2019: $150 million), which was composed of:

(i) net gain of about $32 million (2019: $13 million) in Paul Y. Engineering mainly engaged in management contracting and property development management businesses;
(ii) net gain of about $146 million (2019: $117 million) in ports and logistics business;
(iii) net loss of about $715 million (2019: gain of $11 million) in property business;
(iv) net gain of about $287 million (2019: loss of $147 million) in securities business;
(v) net loss of about $64 million (2019: $56 million) in treasury business;
(vi) net corporate and other expenses of about $26 million (2019: $73 million), which included acquisition-related costs of about $5 million (2019: $6 million) and net exchange gain of about $22 million (2019: loss of $22 million); and
(vii) finance costs of about $9 million (2019: $15 million).

Net loss for the period attributable to the owners of PYI was about $34 million (2019: $205 million) and basic loss per share was 3.1 cents (2019: 18.6 cents). The net loss was mainly attributable to the net impact of (a) write-down of stock of properties of about $302 million (2019: $18 million) after netting off relevant deferred tax credit of about $156 million (2019: Nil) and share of loss by non-controlling interest of about $89 million (2019: Nil); (b) loss on fair value changes of investment properties of about $88 million (2019: gain of $11 million), after netting off relevant deferred tax credit of about $82 million (2019: deferred tax charge of $12 million) and share of loss by non-controlling interest of about $22 million (2019: profit of $3 million); (c) impairment loss on certain financial assets of approximately $75 million (2019: $72 million); (d) net gain on changes in fair value of investments in debt and equity instruments held for trading of about $273 million (2019: loss of $162 million); (e) a net gain after taxation on disposals of subsidiaries of about $111 million (2019: $60 million); and (f) net exchange gain of about $22 million (2019: exchange loss of $22 million).

When compared with the Group's financial position as at 31 March 2020, total assets decreased by 8% to about $5,191 million (31.3.2020: $5,667 million) which was mainly attributable to the disposals of Jiaxing Port and Jiangyin Sunan. As at 30 September 2020, net current assets amounted to about $2,508 million (31.3.2020: $2,787 million), whereas current ratio deriving from the ratio of current assets to current liabilities increased to 5.99 times (31.3.2020: 5.19 times). After taking into account (a) the net loss of about $34 million; (b) the decrease in carrying amount of equity investments not held for trading of about $19 million recognised in investment revaluation reserve; (c) the reclassification of exchange deficits to profit or loss upon disposal of Jiaxing Port and Jiangyin Sunan of about $37 million; and (d) the Renminbi exchange surplus of about $59 million arising from translation of foreign operations, equity attributable to owners of PYI increased by 1% to about $3,721 million (31.3.2020: $3,678 million), representing $3.37 (31.3.2020: $3.33) per share as at 30 September 2020.

Net cash outflow from operating activities was about $75 million (2019: $52 million). Net cash inflow from investing activities was about $450 million (2019: $165 million) which was mainly contributed from the disposal of subsidiaries engaged in port operations. Net cash inflow from financing activities was about $21 million (2019: outflow of $161 million). Consequently, there was a net increase in available cash and cash equivalents of about $396 million (2019: decrease of $48 million) during the period.

REVIEW OF OPERATIONS AND BUSINESS DEVELOPMENT

Ports and Logistics

In light of current government policies directives which assert particular emphasis on more efficient utilisation of port assets and elimination of ill-fated competition in the Yangtze River region by way of consolidation of ownership and operations, PYI successfully captured the divestment opportunities on the traditional container and dry bulk terminals in recent years. Following completion of disposals of Jiangyin Sunan and Jiaxing Port in July 2020, PYI will focus on other bulk commodities terminals and infrastructures with higher growth potential, in particular liquefied natural gas ("LNG").

Jiangyin Sunan Container Terminal (40% owned before the disposal in July 2020)

On 16 December 2019, a conditional agreement was entered into for the disposal of the Group's entire 40% equity interest in Jiangyin Sunan (through disposal of its investment holding company Paul Y. Corporation Limited). The disposal of Jiangyin Sunan was completed in July 2020. Consideration of about RMB294 million (equivalent to about $325 million) has been fully received in cash in Hong Kong as at the date of this announcement.

Jiangyin Sunan contributed about $57 million to the segment profit for the period, which represented the gain on disposal of Jiangyin Sunan (2019: $6 million, represented share of operating result of Jiangyin Sunan). A tax charge of about $15 million (2019: Nil) in relation to the disposal was recognised in the condensed consolidated income statement for the period.

Jiangyin Sunan Container Terminal 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 2020 decreased by 15% to about 227,000 TEUs (2019: 268,000 TEUs).

Jiaxing International Feeder Port (90% owned before the disposal in July 2020)

On 16 December 2019, a conditional agreement was entered into for the disposal of the Group's entire 90% equity interest in Jiaxing Port. The disposal of Jiaxing Port was completed in July 2020. Consideration, net of tax, of about RMB305 million (equivalent to about $334 million) has been received in cash in Hong Kong up to the date of this announcement. Final payment of about RMB56 million (equivalent to about $62 million) will be receivable upon finalisation of the completion audit.

Jiaxing Port contributed about $93 million (2019: $5 million) to the segment profit for the period, which comprised the gain on disposal of Jiaxing Port of about $84 million (2019: Nil) and Jiaxing Port's operating profit of $9 million (2019: $5 million). A tax charge of about $15 million (2019: Nil) in relation to the disposal was recognised in the condensed consolidated income statement for the period.

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 three months ended 30 June 2020 was about 51,000 TEUs (six months ended 30 September 2019: 90,000 TEUs).

LPG, CNG and LNG Distribution and Logistics (100% owned)

Affected by the COVID-19 pandemic, the liquefied petroleum gas ("LPG") and compressed natural gas ("CNG") distribution and logistics businesses of Minsheng Gas in Wuhan recorded an operating loss of about $4 million (2019: profit of $1 million) during the period. During the period, the public health measures in Wuhan City were relieved in stages upon the alleviation of the COVID-19 pandemic, while the public transportation system and people's daily activities gradually returned to normal. In September 2020, the sales volume of Minsheng Gas has substantially returned to the level before the outbreak of the COVID-19 pandemic.

Sales of LPG decreased by 42% to about 1,800 tonnes (2019: 3,100 tonnes) and the sales of CNG decreased by 39% to about 7.3 million m^3 (2019: 12 million m^3) for the period ended 30 September 2020.

Currently, Minsheng Gas owns and operates the largest LPG storage-tank farm and a river terminal in Hubei Province, and has four LPG and four CNG automotive fueling stations in Wuhan City.

Since 2013 and in line with the policy of Wuhan municipal government to promote more CNG-powered vehicles in Wuhan City, Minsheng Gas has established a diversification strategy to transform its LPG fueling stations into CNG stations to improve sale and profitability. Several LPG automotive fueling stations had been transformed into CNG stations. In view of the keen competition of CNG fueling stations in Wuhan City, Minsheng Gas will continue to look for transformation and acquisition opportunities.

Meanwhile, the PRC Government has made a strong commitment to reduce the carbon emission at the 2015 United Nations Climate Change Conference in Paris and has issued policies to speed up the development of clean energy such as LNG. Given that LNG is more efficient in terms of storage and long-distance transportation as compared to piped natural gas, there is tremendous growth potential for LNG storage and infrastructure development. In consideration of the LNG growth potential, Minsheng Gas intends to seize the opportunity to further expand its business by initiating a two-phase development plan to construct new LNG storage tanks and LNG berths catering to residential and industrial demands as well as that for LNG vessels. The gradual diversification in the business of Minsheng Gas from LPG to CNG, following to the focus in LNG is in line with national policies and market demand. Under the development plan, the LNG storage facilities of Minsheng Gas will be designated as a regional storage and trans-shipment hub for LNG in Hubei Province.

As of 30 September 2020, the pre-construction works for the LNG project had substantially been completed. The first phase of LNG project, with a budgeted cost of about RMB500 million, is expected to start construction in the first quarter of 2021 and put into operation in 2022. Under the first phase of the development plan, a new LNG storage tank with a storage capacity of 30,000 cubic metres will be built, with connecting pipelines to the municipal natural gas distribution network. In addition, a new LNG berth will be built next to the existing LPG berth.

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 (2019: Nil).

Yangkou Port Co is principally engaged in the business of development of port and related infrastructures at Yangkou Port, an offshore type deep-sea harbour along the South East Coast of Jiangsu Province, the PRC. 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.

Yangkou Port Co was a 60% owned subsidiary of PYI before its 50.1% equity interest was disposed on 26 May 2011. The remaining 9.9% equity interest in Yangkou Port Co, representing its US$19.8 million registered capital with an investment cost of about $154 million, was initially measured at fair value on 26 May 2011, amounted to about $353 million. 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 2020, the investment in Yangkou Port Co was stated at fair value of about $291 million (31.3.2020: $310 million), equivalent to about 5.6% (31.3.2020: 5.5%) of the Group's total assets. The unrealised decrease in fair value of $19 million (2019: $20 million) for the period was recognised in other comprehensive expense.

Engineering Business

Paul Y. Engineering (48.2% owned)

Paul Y. Engineering Group Limited ("Paul Y. Engineering") contributed about $32 million (2019: $13 million) to the segment's operating profit for the period. The increase in profit was mainly attributable to government grants received for the period.

During the period, Paul Y. Engineering recorded a revenue of about $5,357 million (2019: $5,213 million) and secured new contracts of about $6,103 million (2019: $9,115 million) in aggregate value. As at 30 September 2020, the total value of contracts on hand of Paul Y. Engineering was about $45,959 million (31.3.2020: $44,307 million) and the value of work remaining was about $28,032 million (31.3.2020: $26,633 million).

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

Property

The property business recorded an operating loss of about $715 million (2019: profit of $11 million) for the period which was mainly due to (a) loss on fair value changes of investment properties of about $192 million (2019: gain of $26 million), before the relevant deferred tax credit of about $82 million (2019: deferred tax charge of $12 million) and (b) write-down of the stock of properties held for sale of about $547 million (2019: $18 million), before the relevant deferred tax credit of about $156 million (2019: Nil), which were mostly attributable to the Group's properties at Xiao Yangkou.

The Group has 11.42 sq km (31.3.2020: 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 2020, about 6.81 sq km (31.3.2020: 6.89 sq km) out of the 11.42 sq km (31.3.2020: 11.5 sq km) land bank had reached the developing stage or the developed and serviced stage. The development status of the 11.42 sq km land bank was summarised as follows:

Area (sq km)	Stage of development	Intended purpose	Classification
0.88	Developed land	Rental/Capital appreciation	Investment properties
2.00	Land under development	Rental/Capital appreciation	Investment properties
2.01	Developed land	Sale	Stock of properties
1.89	Land under development	Sale	Stock of properties
0.03	Developed land	Self-use	Right-of-use assets
4.61	Pending development	Undetermined	Project under development
11.42			

The COVID-19 pandemic has affected the tourism industry with stringent public health measures and travel restrictions. Such negative sentiment has been reflected with higher impact on tourist land than urban residential and commercial land in terms of selling prices and transaction volume. In determining the fair values of the developed land and land under development situated at Xiao Yangkou which are zoned for tourist and resort use, the valuer has consistently adopts market approach with reference to the actual land transaction prices of the emerging tourist and resort use land. Details of the valuation technique and inputs of Xiao Yangkou's investment properties are disclosed in note 16 to the condensed consolidated financial statements. As at 30 September 2020, the investment properties of about 2.88 sq km were measured at fair value of about $909 million (31.3.2020: $1,041 million) and recorded a loss on revaluation, before tax and non-controlling interest, of about $172 million (2019: gain of $26 million) for the period.

Concurrently, land and properties at Xiao Yangkou classified as stock of properties also suffered from the decline in market value of high-end resort properties during the period. In addition, the central government has rolled out new measures to clamp down on the over-concentration of capital in the property market and has rigorously tightened the financing criteria in the property sector in August 2020. Further tightening measures are expected to be introduced by the provincial and local governments to make sure the property control measures of the central government are being closely followed, which posed further negative impact on the property market. In evaluating the property project, the valuer has taken into account the changes on selling prices, the estimated development costs and the extended sales and development cycle of high-end resort property project caused by the pandemic and the market uncertainty. As at 30 September 2020, the net realisable value of the Group's certain stock of properties at Xiao Yangkou amounted to about $560 million and recorded a write-down, before tax and non-controlling interest, of about $513 million (2019: Nil) for the period. Details of the stock of properties and its net realisable value assessment are disclosed in note 18 to the condensed consolidated financial statements. During the period, the Group has realised developed land and properties with an aggregate land area of 0.08 sq km in about $80 million (2019: Nil).

As at 30 September 2020, a gross floor area of about 6,000 sq m of "Nantong International Trade Center", a commercial and office building in the central business district of Nantong City, was rented out for hotel operation and classified as investment properties. The investment properties recorded a loss on fair value change of about $20 million (2019: Nil) for the period, in reflecting the decrease in market price amidst the economic downturn. The Group also holds a gross floor area of about 9,000 sq m (31.3.2020: 11,000 sq m) of "Nantong International Trade Center" for sale while a write-down of about $34 million (2019: $18 million) was made during the period mainly attributable to the price drop in commercial properties and underground car parking spaces. During the period, the building contributed revenue from sales of properties of about $16 million to the Group (2019: $26 million).

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 (2019: $5 million) during the period and its occupancy was about 93% as at 30 September 2020.

Securities

Despite the unsettled China-US tension and COVID-19 pandemic continued to pose negative impacts on the global economy and financial markets including Hong Kong, the panic on the securities market has gradually stabilised during the period. The Group adopted a cautious and disciplined approach in managing the Group’s portfolio in securities and recorded an operating gain of about $287 million (2019: loss of $147 million) for the period which was mainly attributable to the net fair value gain of investments in debt and equity instruments held for trading of about $273 million (2019: loss of $162 million).

As at 30 September 2020, the Group's portfolio in securities business mainly consisted of (a) the investments in debt instruments held for trading amounted to about $220 million (31.3.2020: $248 million), equivalent to about 4% (31.3.2020: 4%) of the Group's total assets; and (b) investments in equity instruments held for trading amounted to about $513 million (31.3.2020: $192 million), equivalent to about 10% (31.3.2020: 3%) of the Group's total assets.

As at 30 September 2020, the Group's investments in equity instruments held for trading included an investment in 18,290,000 ordinary listed shares of China Evergrande New Energy Vehicle Group Limited ("Evergrande Vehicle", HKEX stock code: 708), which represented about 0.2% of its issued share capital with a fair value of about $364 million). The investment in Evergrande Vehicle equivalent to about 7% of the Group’s total assets and about 71% of the Group's investments in equity instruments held for trading portfolio. The Group invested in Evergrande Vehicle in 2019 with an acquisition cost of about $207 million. The Group's investment in Evergrande Vehicle recorded an unrealised fair value gain of about $260 million during the period, while the cumulative unrealised gain of this investment amounted to about $157 million as at 30 September 2020 (31.3.2020: cumulative unrealised loss of $103 million). No acquisition or disposal of the investment in Evergrande Vehicle was made nor any dividend was received from Evergrande Vehicle during the period.

Evergrande Vehicle is principally engaged in technology research and development, production and sales of new energy vehicles, as well as health management business in the PRC and other countries. Evergrande Vehicle has completed the layout of the new energy vehicle industry chain, and aims to become a major and powerful new energy vehicle group in the world. With the reveal of its six first-phase "Hengchi" vehicle models in August 2020, the Group is optimistic about the prospect of Evergrande Vehicle. The Group's investment in Evergrande Vehicle is for trading purpose and aims to realise the gain in the future based on market conditions.

Looking forward, the ongoing impact from COVID-19 and the persistent escalating China-US tension might continue to raise challenges to the Group's securities segment in future. The Group will continue to monitor its portfolio of investments in diversified securities products to improve performance in the coming period.

Treasury

The treasury business of the Group recorded an operating loss of about $64 million (2019: $56 million) for the period which was mainly attributable to the expected credit loss provision ("ECL Provision") of about $75 million (2019: $72 million) mainly on the loans and related interest receivables which have been in default and considered as credit-impaired, offset by interest income of about $10 million (2019: $16 million) derived from loans receivable.

The impairment provision on loans and interest receivables for the year was mainly attributable to the additional ECL Provision of about $41 million recognised on the unsecured loans principal and the outstanding accrued interests due from Master Glory Group Limited ("MGGL", a company whose shares are listed on The Stock Exchange of Hong Kong Limited with stock code of 0275.HK) (collectively the "MGGL Loans").

As at 30 September 2020, cumulative ECL Provision of about $155 million (31.3.2020: $114 million), equivalent to an expected credit loss rate of 100% (31.3.2020: 75%), has been made on the MGGL Loans with loans principal of $134 million and outstanding accrued interests of $21 million (31.3.2020: principal of $134 million and accrued interests of $18 million).

During the period, the Group continued to monitor the situation of MGGL Loans and considered the following incidents during the period:

a) On 1 June 2020, the High Court of the Hong Kong Special Administrative Region (the "High Court ") granted a winding up order against MGGL;
b) On 15 June 2020, the High Court ordered that Ms. Koo Chi Sum and Mr. Koo Chi Ho Andrew of Ernst and Young Transactions Limited be appointed as the Joint and Several Liquidators of the MGGL;
c) On 7 August 2020, Dr. Allan Yap, the then chairman and executive director of MGGL, who is also the guarantor of a portion of MGGL Loans, was adjudged bankrupt by the High Court;
d) Up to the period ended date, MGGL was still unable to publish its annual results for the year ended 31 March 2019 and the shares of MGGL continued to suspend trading since 2 July 2019; and
e) There was no clear progress on the liquidation process subsequent to the appointment of liquidators.

Taking into account the above incidents and reference to the historical market default records, current economic situation, the time and complexity in realising MGGL's PRC properties through liquidation process, and other forward-looking factors, the management is of the view that the recovery of the outstanding MGGL Loan is remote and determined to provide 100% loss allowance on the outstanding MGGL Loans as at 30 September 2020 (the "Internal Assessment").

To assess the reasonableness of the Internal Assessment, the Group engaged an independent professional valuer to perform an additional analysis to reassess the impairment provision on MGGL Loans in accordance with HKFRS 9 by adopting its independently selected parameters which contain credit rating portfolio similar to MGGL (the "External Assessment"). The External Assessment indicated that the average loss rate was about 92%. Since the difference of the impairment provision between Internal Assessment and External Assessment is not significant, the management of the Group considered that it was fair and reasonable to adopt the Internal Assessment for the impairment provision of MGGL.

As at 30 September 2020, carrying amounts, after impairment allowance, of the Group's portfolio of (a) high-yield loans receivable amounted to about $129 million (31.3.2020: $150 million), equivalent to about 2% (31.3.2020: 3%) of the Group's total assets; and (b) interest-bearing borrowings to an associate amounted to about $56 million (31.3.2020: $61 million), equivalent to about 1% (31.3.2020: 1%) of the Group's total assets.

There remain significant uncertainties in the worldwide economy and enterprises' recovery from COVID-19 pandemic. Management will remain cautious in monitoring the risks and collectability of existing loan portfolio. Meanwhile, the management will continue to explore for business opportunities under a balanced credit strategy and maintain a healthy loan portfolio with a view to contribute a stable and favourable income stream to the Group.

SIGNIFICANT INVESTMENTS

Except for the 9.9% equity interest in Yangkou Port Co set out in the Ports Development sub-section and the investment in the equity interest of Evergrande Vehicle held for trading set out in the Securities sub-section under the Review of Operations and Business Development section, the Group did not hold any significant investments in any investee company with a value of above 5% of the Group's total assets.

MATERIAL ACQUISITION AND DISPOSAL

In July 2020, the Group completed the disposals of its entire investments of (i) 90% equity interest in Jiaxing International Container Feeder Port Limited and (ii) 100% equity interest in Paul Y. Corporation Limited, which held 40% equity interest in Jiangyin Sunan International Container Terminal Co., Ltd., at an aggregate consideration of about RMB669 million (equivalent to about $736 million). Upon and after the disposals, Jiaxing International Container Feeder Port Limited together with its subsidiaries and Paul Y. Corporation Limited ceased to be subsidiaries of the Group, while Jiangyin Sunan International Container Terminal Co., Ltd 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

Subsequent to the end of the reporting period, a special resolution for the capital reorganisation of the Company was passed in the special general meeting on 28 October 2020. Further details of the capital reorganisation and the change in board lot size were disclosed in the Company's announcement dated 23 September 2020 and the circular dated 5 October 2020.

OUTLOOK

During the first half of this financial year, being affected by the COVID-19 pandemic and the escalating China-US trade tension, the macroeconomic condition in China was challenging despite the slow recovery after the nation's great effort in keeping the pandemic under control. Following completion of our divestment strategy of traditional container and dry bulk ports, PYI is poised to refocus on other bulk commodities infrastructures with higher growth potential, in particular LNG, as well as exploring other alternative business opportunities with a view to enhancing the PYI shareholders' value.

LIQUIDITY AND CAPITAL RESOURCES

As at 30 September 2020, the Group had total assets of $5,191 million (31.3.2020: $5,667 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 had been 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 2020, the Group's bank borrowings amounted to about $428 million (31.3.2020: $392 million) with about $258 million (31.3.2020: $191 million) repayable on demand or within one year and about $170 million (31.3.2020: $201 million) repayable after one year. Borrowings denominated in Hong Kong dollar of about $86 million (31.3.2020: $36 million) bore interest at floating rate. Borrowings denominated in Renminbi of about $342 million bore interest at fixed rate (31.3.2020: $10 million bore interest at floating rate and $346 million bore interest at fixed rate). The Group's gearing ratio was 0.12 (31.3.2020: 0.15), which was calculated based on the total bank borrowings of about $428 million (31.3.2020: $561 million, including those classified as held for sale) and the Group's shareholders' funds of about $3,721 million (31.3.2020: $3,678 million).

Cash, bank balances and deposits of the Group as at 30 September 2020 amounted to about $801 million (31.3.2020: $356 million), of which about $412 million (31.3.2020: $222 million) was denominated in Renminbi, about $286 million (31.3.2020: $82 million) was denominated in Hong Kong dollar and about $103 million (31.3.2020: $52 million) was denominated in other currencies mainly in United States Dollar. As at 30 September 2020, the Group had a net cash position (being cash, bank balances and deposits net of bank borrowings) of about $373 million (31.3.2020: net debt position of about $162 million, being bank borrowings net of cash, bank balances and deposits, including those classified as held for sale).

CONTINGENT LIABILITY

As at 30 September 2020, the Group had no contingent liability (31.3.2020: Nil).

PLEDGE OF ASSETS

As at 30 September 2020, certain property interests and property, plant and equipment and bank balances of the Group with an aggregate value of about $476 million (31.3.2020: $493 million) were pledged to banks and financial institutions to secure general credit facilities granted to the Group.

COMMITMENTS

As at 30 September 2020, 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 $51 million (31.3.2020: $117 million).

NUMBER OF EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2020, the Group employed a total of 426 (31.3.2020: 566, which included 104 employees of Jiaxing Port) 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 2020, 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 2020, 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 the chairman of PYI (the "Chairman") and has performed the roles of the 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY 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 2020.

REVIEW OF ACCOUNTS

The Group's unaudited results for the six months ended 30 September 2020 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 "Investor Relations" and the website of HKEXnews at www.hkexnews.hk under "Listed Company Information". The 2021 Interim Report will be despatched to the shareholders of PYI and posted on the aforesaid websites in December 2020.

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

Hong Kong, 27 November 2020

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

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