

Dear Shareholders,

I am pleased to present to you the interim report and condensed consolidated financial statements of PYI Corporation Limited (the "Company") and its subsidiaries (together with the Company, the "Group") for the six months ended 30 September 2005.

The Group recorded solid financial results for the period under review, with unaudited net profit after tax and minority interests of approximately HK\$149 million, an increase of 291% compared with the corresponding period last year. The net profit represented a return on your equity in excess of 6% for the half-year period. Earnings per share rose by 289% to HK10.9 cents per share. Further to the special dividend of HK70 cents per share paid in July 2005, we are pleased to maintain our regular interim dividend of HK1.5 cents per share which will be distributed to our shareholders in February 2006. Further, the Board is still favouring the possible distribution to shareholders of a significant portion of the value to be derived from its divestment of China Strategic Holdings Limited.

The Group has completed the re-positioning of its core business in the development of bulk cargo ports and infrastructure in China during the period under review. This strategic adjustment took a big step in August 2005 following the Company's planned investment in Nantong Port Group, the largest port enterprise in Nantong, Jiangsu Province, China.

The Nantong Port investment will allow us to take advantage of the growth opportunities available in the China marketplace today and position us well for the future development of a comprehensive and integrated transshipment network along the Yangtze River.

Upon commencement of operation of our development at Yangkou Port, a deepwater seaport in Nantong, the synergy generated from the operations of Yangkou Port and Nantong Port will further strengthen our competitiveness in the marketplace.

On 13 September 2005, our new company name of "PYI Corporation Limited", with the adoption of the Chinese name "保華集團有限公司" for identification purpose, was officially approved. The new company name, replacing the former name of "Paul Y. - ITC Construction Holdings Limited", signifies our new business focus on bulk cargo ports and infrastructure development in China.

In line with our strategy to divest non-core businesses, the Company entered into a conditional sale and purchase agreement to dispose of Paul Y. Centre in November 2005, shortly after the period under review. The disposal will enable us to free up capital to finance our investment in bulk cargo port and infrastructure development in China.

各位股東：

本人欣然向閣下提呈保華集團有限公司（「本公司」）及其附屬公司（連同本公司，統稱「本集團」）截至二零零五年九月三十日止六個月之中期報告及簡明綜合財務報告。

本集團於回顧期間錄得理想之財務業績，未經審核除稅及少數股東權益後溢利淨額約為149,000,000港元，較去年同期增加291%，表示閣下於本半年期間之股權回報超逾6%，每股盈利上升289%至每股10.9港仙。繼於二零零五年七月派付特別股息每股70港仙後，吾等對能維持固定中期股息在每股1.5港仙感到欣喜，中期股息將於二零零六年二月分派予本公司股東。此外，董事局仍然有意將本公司在撤資中策集團有限公司所帶來之大部份收益分發予股東。

本集團將其核心業務重新定位在中國發展大宗散貨港口及基建，已於本期間告竣。此項策略性調整在本公司於二零零五年八月計劃投資於南通港口集團（中國江蘇省南通市之最大型港口企業）後邁進了一大步。

南通港之投資項目將令本公司可利用現今中國市場之增長機會，並為日後在長江流域開發一個全面而整合之貨運中轉網絡作好準備。

待本公司於洋口港（一個位於南通市之深水港口）發展項目啟動運作後，營運洋口港及南通港所產生之協同效益將進一步提高本公司在市場上之競爭力。

於二零零五年九月十三日，本公司新名稱「PYI Corporation Limited」，連同採納「保華集團有限公司」為供識別用途之中文名稱，已獲正式批准。新公司名稱取代了原有名稱「保華德祥建築集團有限公司」，標誌著本公司將業務重點轉移至中國大宗散貨港口及基建發展。

於回顧期間後不久，為配合本公司出售非核心業務之策略，本公司於二零零五年十一月訂立一份有條件買賣協議以出售保華企業中心。出售事項將讓本公司套現，為投資於中國大宗散貨港口及基建發展提供資金。

The Company holds in the highest regard the interests of its shareholders. A commitment to good corporate governance is central to the Group's management philosophy. Following reform in September 2005 with the retirement of three executive directors and a non-executive director, your Board is now governed by a majority of independent non-executive directors. Continuous efforts are made to formalize best practices in keeping with international standards.

Taking this opportunity, I would like to express my appreciation again to Mr. Chan Fut Yan; Ms. Chau Mei Wah, Rosanna; Mr. Cheung Hon Kit and Mr. Cheung Ting Kau, Vincent; directors who retired during the period under review, for their valuable contribution to the Company throughout the past years. I would also like to extend to our shareholders my warmest seasonal greetings and best wishes for a very happy holiday season and a prosperous New Year.

Yours faithfully,

Dr Chow Ming Kuen, Joseph *OBE, JP*

Chairman

Hong Kong, 13 December 2005

本公司一向注重股東利益，故本集團以維持良好之企業管治水平為其管理哲學。繼二零零五年九月推行革新，三名執行董事及一名非執行董事退任後，董事局現時之大部份成員均為獨立非執行董事。本公司一直致力制定最佳之應用守則，以達至國際標準。

本人謹藉此機會再一次感謝於本期間內退任之董事陳佛恩先生、周美華小姐、張漢傑先生及張定球先生多年來一直對本公司作出寶貴貢獻。本人亦謹此向股東送上深摯祝福，祝願諸位有一個愉快的節日假期，新一年更進一步。

主席

周明權博士 *OBE, JP*

謹啟

香港，二零零五年十二月十三日