

# 60 Years

of Building Hong Kong  
建設香江六十載

Dear Shareholders,

I am pleased to present to you the annual report of Paul Y. Engineering Group Limited for the year ended 31 March 2006.

This year marks Paul Y. Engineering's 60th anniversary. We celebrate this milestone amidst a Hong Kong's economy that shows continued strength, with overall business sentiment demonstrating marked improvement, and prices beginning to rise after several years of deflation. The positive market conditions are largely a result of the territory's close economic ties to a booming Mainland market. Against this background, the Group continues to demonstrate its market leadership in providing the highest quality in engineering and construction services.

This year saw the Group formally launch a new business line, Facilities Management, in addition to our core Management Contracting and Project Management services. This extension of our offering is a natural progression for Paul Y. Engineering, as we continue to evolve into an integrated engineering and construction services provider – always looking to identify and deliver new sources of value to our clients.

各位股東：

本人欣然向閣下提呈保華建業集團有限公司截至二零零六年三月三十一日止年度之年報。

本年度為保華建業六十週年誌慶。在集團慶祝這個里程碑的當下，香港經濟表現持續強勁，整體商業氣氛亦顯著改善，價格於多年通縮後亦開始回升。市況向好，主要源於香港與暢旺的內地市場一貫保持緊密的經濟聯繫。在此背景下，本集團於供應優質工程及建造服務的業務範疇方面繼續擔當其領導市場之地位。

於本年度，除核心業務承建管理及項目管理服務外，本集團亦正式推出設施管理此一嶄新業務。集團一向為客戶開拓並帶來新的價值來源，積極演進成一間綜合工程及建造服務供應商。故此，開拓新業務實乃保華建業的自然發展。

Ir James Chiu, OBE, JP  
Chairman  
趙雅各工程師，OBE，JP  
主席

The Group continues to demonstrate its market leadership in providing the highest quality in engineering and construction services.

本集團憑專業服務水平領先工程及建造界。

I am delighted to welcome our new Executive Director & Chief Executive Officer Mr Edmond Mok and new Executive Director & Chief Operating Officer Ir Edgar Kwan to the Board. The Board now comprises three Independent Non-Executive Directors, one Non-Executive Director and three Executive Directors.

#### Financial Performance and Dividend

I am also pleased to report that we have attained a net profit of HK\$101 million and a return on equity in excess of 27%. Cash, bank balances and deposits have stood strong at HK\$381 million. The Board has resolved to propose to declare a final dividend of 5.0 HK cents per share, which together with the interim dividend of 3.0 HK cents per share, is equivalent to a payout ratio of approximately 46% for this financial year.

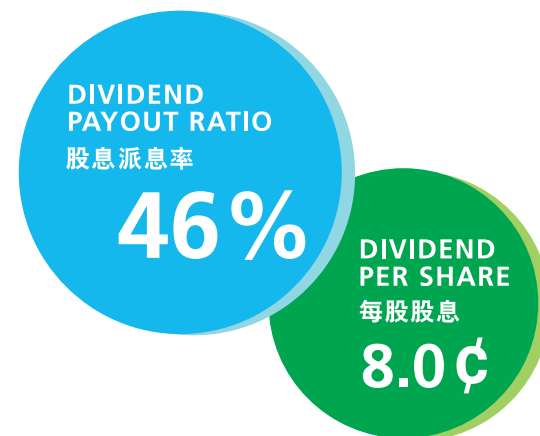
#### Future Prospects

Mainland China, where we got our start 60 years ago, continues to be the dominant economic force in the region and should remain so for the foreseeable future. China's prosperity not only helps power smaller economies in Asia, it has also fuelled a boom in domestic demand for a broad range of products and services. From our perspective, the growing awareness of and appreciation for high quality construction and engineering services represent a tremendous business opportunity, and we see China becoming an increasingly large and important part of our business.

The Group has also been actively participating in other markets, such as Macau, South East Asia and the Middle East. New projects in these markets are underway, and we continue to explore business opportunities in the broader international arena.

#### Appreciation

On behalf of the Board of Paul Y. Engineering, I wish to express our deepest appreciation to former Chairman, Ir James Blake, for his service to the Group. His commitment to the highest standards of professionalism and service has played a major role in Paul Y. Engineering's past success, and positions us well for the future. I would also like to thank former Managing Director Ir Billy Wong for his dedication and contribution over the years. May I take this opportunity to wish both of them every success in their future endeavours.



本人欣然歡迎我們的新執行董事兼行政總裁莫一帆先生以及新執行董事兼營運總裁關治平先生加入董事局。董事局現由三位獨立非執行董事、一位非執行董事以及三位執行董事組成。

#### 財務表現及股息

本人亦欣然呈報，集團純利達 1.01 億港元，資產回報率則超過 27%。現金、銀行結餘及存款亦於 3.81 億港元站穩。董事局建議宣派每股 5.0 港仙之末期股息，連同每股 3.0 港仙之中期股息，本年度之股息派發比率約為 46%。

#### 未來展望

六十年前，集團在中國內地開業。作為地區的主要經濟力量，中國於可見將來之地位依然重要。中國的興旺不單有助於推動亞洲較小的經濟體系，亦成功提升本地對多元化產品及服務之需求。對集團而言，大眾對優質建造及工程服務之意識及正面評價不斷增長，為集團帶來大量商機，集團亦預期中國將進一步成為業務中日漸壯大之重要部份。

本集團亦積極參與其他市場，例如澳門、東南亞及中東。該等市場的新發展項目仍在發展階段，我們將繼續於更廣闊的國際領域開拓新商機。

#### 致謝

本人謹代表保華建業董事局感謝前任主席詹伯樂先生在任期間對本集團之服務。其高水平之專業精神及服務，對保華建業過往之成功尤為重要，並為集團之未來奠定基礎。本人亦謹此向前董事總經理黃永灝先生多年來之努力及貢獻表示感謝。本人謹此祝願兩位前途似錦。

We celebrate our 60th anniversary with a strong momentum. Our strategy for professional and quality offerings continues to deliver rewarding results to our clients as well as providing stable returns to our shareholders.

I would also like to express our appreciation to shareholders, clients and consultants for their ongoing support and, in particular, to our employees who continually devote themselves to creating value for our shareholders and business associates. Their dedication and hard work are the corestone of the Group's success.

2006 is shaping up to be a remarkable year for Paul Y. Engineering, as we celebrate both our 60th anniversary and a new corporate identity which reflects our commitment to achievement. We rightly take pride in what we have built over the past six decades. We have played a major role in shaping Hong Kong's skyline and its world-class infrastructure. Looking ahead, Paul Y. Engineering will continue to seek opportunities, deliver value and strive for excellence.

James Chiu, OBE, JP

Chairman

Hong Kong, 7 July 2006

今年本集團錄得理想的業績，正好為六十周年誌慶錦上添花。我們以專業為先的策略和高水平服務，不但為客戶帶來了美好的成果，亦使股東得到穩定的回報。

本人亦謹此多謝一直以來股東、客戶及顧問之鼎力支持，尤其感謝全體員工之竭誠服務，不斷為股東及業務夥伴創造價值。彼等之貢獻及辛勤工作乃本集團成功之基石。

二零零六年將成為保華建業非凡的一年，集團既慶祝六十週年誌慶，亦為可反映集團目標之新企業形象而慶賀。過往六十年的成就足令集團引以自傲，集團於塑造香港建築群及建造國際級基建設施方面擔當舉足輕重的角色。展望將來，保華建業將繼續不斷尋找機遇、致力增值並爭取最佳表現。

趙雅各, OBE, JP

主席

香港，二零零六年七月七日