

Chairman's Statement

主席報告書

Dear Shareholders,

It is my pleasure to present the 2007 Interim Report of Paul Y. Engineering Group Limited (the "Group") for the six months ended 30 September 2006.

The Group's performance for the first half of the year has been strong, and I am pleased to report that net profit after taxation reached HK\$54 million (2005: HK\$46 million), representing an increase of 18% compared with the figures of the same period last year. This represents a return on equity of 14% for the first six months of the year. Cash, bank balances and deposits have stood strong at HK\$266 million. The Group is committed to a consistent dividend policy and we are pleased to announce an interim dividend of 3.5 HK cents per share which is equivalent to a pay-out ratio of approximately 38%.

For the Group, the first six months of the year have been a story of growth. In addition to business expansion in exciting new markets like Mainland China and Macau, we have also witnessed a recovery in Hong Kong's economy that is driving organic growth in our home market.

The Group has also been growing in scope – realizing the value of our industry experience by moving into professional services for the construction industry. Against this backdrop, the Group has developed stable business momentum and a sound strategy to capture the opportunities in the future.

On behalf of the Board, I would like to take this opportunity to thank our former Executive Director & Chief Operating Officer, Ir Edgar Kwan, for his invaluable contribution to the Group.

I would also like to thank all of our shareholders for their continued support; as well as our clients and business partners for their belief in our services and our overall strategic vision. Last but not least, I would like to recognise my fellow Board members and our staff for their tireless contributions, dedicated effort and loyal service to the Group.

James Chiu, OBE, JP
Chairman

Hong Kong, 14 December 2006

各位股東：

本人欣然提呈保華建業集團有限公司(下稱「本集團」)截至二零零六年九月三十日止六個月之二零零七中期報告。

本集團於本年首半年表現強勁，本人欣然報告除稅後純利達5,400萬港元(二零零五年：4,600萬港元)，較去年同期增加18%；股權回報率為14%。現金、銀行結餘及存款亦於2.66億港元站穩。董事局重視保持派息穩定，並欣然宣派每股3.5港仙之中期股息；按此計算，派息比率約為38%。

本集團業務於上半年保持穩定增長，除擴大業務至令人振奮的新市場如中國內地及澳門外，本地業務亦受惠於香港經濟復甦而帶動本土市場呈現自然增長。

本集團的業務範圍繼續擴充 — 集團充分發揮累積多年之專業經驗，為整體建築業界提供專業服務。本集團將繼往開來，在維持業務穩步增長之時，亦為掌握未來發展機遇制訂周詳策略。

本人謹代表董事局對前執行董事兼營運總裁關治平工程師對本集團所作之寶貴貢獻致謝。

本人亦感謝全體股東一直以來的鼎力支持，以及我們的客戶及業務伙伴對我們服務及整體策略前景之信心。最後，本人為一眾董事局成員及員工全力以赴的付出、辛勤工作以及忠誠服務的精神致意。

趙雅各, OBE, JP
主席

香港，二零零六年十二月十四日