

Managing Director's Report

董事總經理報告書

“ PYI is very well-positioned to benefit from the increasing bulk cargo throughput in the Yangtze River Region. ”

“ 長江流域一帶的大宗散貨吞吐日增，而保華集團在此區盡佔優勢，當能受惠於其強勁增長。 ”



The six months ended 30 September 2006 were a period of strong performance for PYI Corporation Limited and its subsidiaries.

保華集團有限公司及其附屬公司截至二零零六年九月三十日止六個月之表現理想。

Financial Highlights 財務摘要

| | | | |
|-------------|--------|---------------------|------|
| Turnover | 營業額 | \$1,706 million 百萬元 | -5% |
| NPAT | 股東應佔溢利 | \$232 million 百萬元 | +55% |
| EPS – Basic | 每股基本盈利 | 16 cents 仙 | +47% |
| Interim DPS | 每股中期股息 | 1.5 cents 仙 | 0% |
| Special DPS | 每股特別股息 | 22.2 cents 仙 | -68% |
| NAV/S | 每股資產淨值 | \$1.74 元 | -1% |

Review of Financial Performance and Positions

For the six months period under review, the Group recorded a consolidated turnover of about \$1,706 million (2005: \$1,792 million), representing a decrease of about 5% when compared with that of last corresponding period. The decrease was mainly attributable to the decrease in the Group's business in treasury investment.

財務表現及狀況回顧

截至二零零六年九月三十日止六個月，本集團錄得綜合營業額約17.06億元(二零零五年：17.92億元)，較去年同期數字減少約5%。有關減少之主要原因為本集團庫務投資業務之下跌。

Note:

Unless otherwise specified, all figures in this report are expressed in Hong Kong dollars.

註：

除非另有指明，否則本報告書內所有數字均以港幣列示。

The Group's gross margin percentage slightly decreased by 1% to some \$121 million (2005: \$146 million), representing a gross margin of 7% of the consolidated turnover. Profit before taxation of some \$254 million was achieved as compared with some \$215 million for same period last year. The Group's profit before taxation comprised:

- (i) net gain of about \$33 million in construction and other contracting businesses (2005: \$57 million);
- (ii) net gain of about \$75 million in treasury investment (2005: \$34 million);
- (iii) net gain of about \$1 million in property investment (2005: \$100 million, of which \$85 million was attributed to an increase in fair value of investment properties);
- (iv) interest income and other income of about \$23 million (2005: \$97 million);
- (v) negative goodwill arising on acquisition of interest in an associate engaged in the operation of Nantong Port Group of about \$145 million (2005: Nil);
- (vi) gain on disposal of interest in an associate of about \$5 million (2005: Nil);
- (vii) net corporate expenses of about \$54 million (2005: \$70 million);
- (viii) finance costs of about \$7 million (2005: \$6 million); and
- (ix) net gain of about \$33 million (2005: \$3 million) from associates and jointly controlled entities.

Net profit for the period attributable to the shareholders of PYI was about \$232 million (2005: \$149 million) and basic earnings per share was 16.0 cents (2005: 10.9 cents).

When compared with the Group's financial positions as at 31 March 2006, total assets increased by 9% to about \$6,515 million and net current assets decreased by 36% to about \$823 million. This was mainly attributed to the Group's further capital injection into the developing projects of the port and infrastructure development business segment. Consequently, current assets decreased from 1.7 times to 1.4 times of current liabilities. After accounting for net profit of about \$232 million net of dividends paid/declared of about \$348 million, equity attributable to shareholders of PYI decreased by 1% to about \$2,547 million, representing \$1.74 per share as at 30 September 2006 (31.3.2006: \$1.86 per share).

Net cash inflow from operating activities was about \$163 million, and net cash outflow in respect of investing and financing activities was about \$177 million, resulting in a net decrease in available cash and cash equivalents of about \$14 million for the period under review.

本集團之毛利輕微下跌 1% 至約 1.21 億元（二零零五年：1.46 億元），毛利率約為綜合營業額之 7%。除稅前溢利約達 2.54 億元，而去年同期則約為 2.15 億元。本集團之除稅前溢利包括：

- (i) 建築及其他承包業務之收益淨額約 3,300 萬元（二零零五年：5,700 萬元）；
- (ii) 庫務投資之收益淨額約 7,500 萬元（二零零五年：3,400 萬元）；
- (iii) 物業投資之收益淨額約 100 萬元（二零零五年：1 億元，當中 8,500 萬元乃來自投資物業公平價值之增加）；
- (iv) 利息收入及其他收入約 2,300 萬元（二零零五年：9,700 萬元）；
- (v) 增購發展南通港口集團之聯營公司權益之負商譽約 1.45 億元（二零零五年：無）；
- (vi) 出售聯營公司權益之收益約 500 萬元（二零零五年：無）；
- (vii) 公司開支淨額約 5,400 萬元（二零零五年：7,000 萬元）；
- (viii) 融資成本約 700 萬元（二零零五年：600 萬元）；及
- (ix) 攤佔聯營公司及共同控制機構收益淨額約 3,300 萬元（二零零五年：300 萬元）。

保華股東應佔期間溢利淨額約為 2.32 億元（二零零五年：1.49 億元），每股基本盈利為 16.0 仙（二零零五年：10.9 仙）。

與本集團於二零零六年三月三十一日之財政狀況相比，本集團之總資產增加約 9% 至約 65.15 億元，而流動資產淨值則減少 36% 至約 8.23 億元，主要原因是本集團對港口及基建發展業務下之發展中項目進一步注資。因此，流動資產由相當於流動負債之 1.7 倍減少至 1.4 倍。計及溢利淨額約 2.32 億元（扣除已派付／宣派之股息約 3.48 億元後），保華股東應佔之權益減少 1% 至約 25.47 億元，折合於二零零六年九月三十日每股 1.74 元（二零零六年三月三十一日：每股 1.86 元）。

經營業務之現金流入淨額約為 1.63 億元，而投資及融資活動之現金流出淨額則約為 1.77 億元，導致本期內現金及現金等值項目淨額減少約 1,400 萬元。

Managing Director's Report

董事總經理報告書

Review of Operations

Port & Infrastructure

The Group has developed a clear strategy to become a regional port player, focusing on bulk cargo, infrastructure and logistics in the Yangtze River region. Concentrating on this area of rapid growth, the Group expects its investments in ports and related facilities to drive future business development.

Rapid economic growth in China, combined with booming international trade, has resulted in increasing demand for raw materials, fertilizers, construction materials, foodstuffs and fuel. In turn, this demand is creating strong growth in the country's ports and logistics sector - especially in the Yangtze River region.

Development of Yangkou Port, the Group's flagship deep sea port project located at the mouth of the Yangtze River, is progressing well. In April 2006, PYI raised its stake in the Yangkou Port project to 75%, underscoring its commitment in developing the port into a transshipment hub in the Yangtze River region. In May 2006, the Group entered into collaboration with PetroChina for conducting preliminary engineering works for the development of a liquefied natural gas (LNG) receiving station at the port.

Nantong Port Group, in which the Group acquired a 45% stake, has been growing strongly. Expansion of the Langshan Terminal was completed in July 2006, effectively increasing throughput capacity by an impressive 54% to nearly 50 million tonnes.

In May 2006, the Group acquired Minsheng Gas, the business of a mature liquefied petroleum gas (LPG) operator located in Wuhan with proven logistics and operational capabilities. In addition to a market share of about 40% in Wuhan's LPG market, Minsheng Gas also gives the Group a foothold in the fast growing oil and gas logistics sectors in Central China. With a large business stream in converting motor vehicles to LPG, Minsheng Gas is effectively creating its own market and driving demand; while simultaneously supporting national environmental protection policies encouraging the use of LPG as energy.

The acquisitions of Nantong Port Group and Minsheng Gas have provided the Group with professional expertise and on-the-ground operational experience in both dry and liquid bulk cargo operations, which in turn complement the development of the Yangkou Port project. The strategic locations of these investments and the synergy derived from their operations represent key components of the Group's vision to become a regional port player.

業務回顧

港口及基建

本集團已定下策略，務求成為長江流域的主要港口投資者及營運商，業務以大宗散貨、基建與物流為主。本集團致力於這個高速增长範疇，預期以港口及相關設施投資帶動未來業務發展。

中國內地經濟增長迅速，加上國際貿易發展蓬勃，原材料、肥料、建築材料、食品及燃料等需求均不斷增加，同時促進國內港口及物流業的長遠發展，尤以長江流域更甚。

本集團在長江口之旗艦深水港口項目洋口港發展進度理想。二零零六年四月，本集團將所持有洋口港項目的股權增至 75%，顯示集團銳意將洋口港發展成長江流域貨物中轉基地。本年五月本集團與中石油就在洋口港發展液化天然氣接收站簽訂協議，從而進行前期工程。

本集團購入 45% 股權之南通港口集團於年內發展蓬勃。狼山港碼頭於二零零六年七月完成擴建工程後，吞吐能力增至近 5,000 萬噸，增幅高達 54%。

二零零六年五月本集團全面收購武漢最具規模之一的液化石油氣營運商「民生石油」，該營運商的物流與營運能力有目共睹。民生石油於武漢液化石油氣行業有約 40% 的市場佔有率，定將有助本集團在華中之急促發展的石油與天然氣物流市場佔一席位。隨著汽車轉用液化石油氣成為大趨勢之業務，民生石油在開創市場與帶動需求方面取得佳績之餘，亦正好配合國家鼓勵使用液化石油氣作能源之用的環保政策。

本集團收購南通港口集團與民生石油為本集團提供掌握大宗乾濕散貨營運之專業知識與實際經驗，對洋口港項目發展亦大有裨益。此等投資的策略位置與業務所產生的協同效應，均為構成本集團發展成長江流域的主要港口投資者及營運商目標之主要元素。

Armed with it the strategy of continued organic growth supplemented by future strategic acquisitions, the Group is very well-positioned to benefit from booming demand for distribution, transportation and logistics services in the Yangtze River region.

Paul Y Engineering

Paul Y. Engineering Group Limited, an international engineering services group, celebrated its 60 years of excellence in building Hong Kong in November 2006. Established in 1946, Paul Y Engineering provides integrated solutions to its clients via its three core business, management contracting, project management and facilities management. It continues to build on solid foundations to improve the quality and recurring nature of contract margins.

The Paul Y Engineering Group achieved gross profit of \$82 million during the period under review (2005: \$98 million). Net profit attributable to shareholders rose by 18% to \$54 million (2005: \$46 million).

The management contracting division remains the major contributor of profit to the Paul Y Engineering Group, while the project management and facilities management divisions have developed sustainable momentum. During the period under review, new construction contracts amounting to \$117 million were secured. As at the period end, the value of contracts on hand was \$8,535 million and the value of work remaining was \$4,614 million. Subsequent to the period end, the division has secured further contracts of \$4,131 million.

Property Development & Investment

Property investment contributed about \$1 million (2005: \$100 million, of which \$85 million was attributed to an increase in fair value of investment properties) to operating profit for the six months ended 30 September 2006.

After the disposal of Paul Y. Centre in the prior financial year, the Group still holds one property, namely M. Bux Tower, an industrial building located in Kwai Chung, Hong Kong with a book cost of \$78 million as at the period end (31.3.2006: \$78 million). The value of this property was equivalent to about 1% of the Group's total assets as at 30 September 2006.

In order to capture the increasing demand in property market, PYI has commenced property development activity at Yangkou Port.

本集團倚仗持續自然增長策略輔以日後的策略收購行動，定能在長江流域對分銷、運輸及物流服務需求日增趨勢中受惠。

保華建業

保華建業集團有限公司於一九四六年創辦，為一家國際工程服務集團，並剛於二零零六年十一月慶祝六十周年誌慶。保華建業為客戶提供綜合工程服務，其三項核心業務包括承建管理、項目管理與設施管理。在穩固根基上，該集團將進一步改善服務質素，並掌握合約利潤的循環特性。

期內，保華建業集團錄得毛利約 8,200 萬元（二零零五年：9,800 萬元），股東應佔溢利淨額 5,400 萬元（二零零五年：4,600 萬元），上升 18%。

承建管理部門仍然為保華建業集團之主要溢利來源，而項目管理及設施管理部門亦錄得顯著增幅。於本期間，已取得 1.17 億元之新建築合約。於期末，手頭合約價值達 85.35 億元，而餘下工程價值則達 46.14 億元。期結日後，保華建業集團再取得 41.31 億元的工程合約。

物業發展及投資

截至二零零六年九月三十日的六個月內，約 100 萬元（二零零五年：約 1 億元，當中 8,500 萬元乃來自投資物業公平價值之增加）之經營溢利來自物業投資業務。

於上一個財政年度出售保華企業中心後，本集團仍持有一幢位於香港葵涌之工業大廈「百德中心」，於期末之賬面成本值為 7,800 萬元（二零零六年三月三十一日：7,800 萬元）。此項物業之價值相當於本集團於二零零六年九月三十日之資產總值約 1%。

為把握物業市場需求愈見殷切之機遇，保華已於洋口港展開物業發展業務。

Managing Director's Report

董事總經理報告書

Treasury Investment

The treasury investment business contributed about \$75 million (2005: \$34 million) towards operating profit during the six months ended 30 September 2006.

Total value of the Group's investment securities portfolio amounted to about \$113 million as at 30 September 2006 (31.3.2006: \$162 million), representing about 2% of the Group's total assets.

Material Acquisition and Disposal

Acquisition of 45% equity interest in Nantong Port Group

On 12 August 2005, the Group entered into a conditional agreement to invest an amount of about RMB435 million in Nantong Port Group. As at 30 September 2006, the Group had completed its capital contribution and held a 45% interest in Nantong Port Group. Nantong Port Group is a core port enterprise owning four major terminals at Nantong Port. Being a major port located in Nantong, Jiangsu Province, China, Nantong Port situates at a position close to the mouth of the Yangtze River. It is also a category one national port open to foreign trade and a hub port of the country.

Acquisition of a further 7.4% indirect interest in Yangkou Port project

During the current period, the Group further increased its indirect interest in the Yangkou Port project from 67.6% to 75% by acquiring the remaining 9.9% interest of Global Achiever Limited, an investment holding company of the Yangkou Port project subsidiaries, held by a minority shareholder at a consideration wholly satisfied by the issue of 68.5 million new shares of PYI at an issue price of \$2.45 each.

Acquisition of assets by Minsheng Gas

To further pursue liquid bulk terminal opportunities and enhance its capabilities in this business sector, on 12 May 2006, the Group entered into an asset acquisition agreement to acquire assets related to a liquid bulk logistics business in Wuhan, PRC, including LPG storage facilities, terminal and jetty, filling stations and equipment. The consideration payable by the Group for the acquisition was RMB470 million, comprising RMB350 million in cash and RMB120 million in convertible note of PYI at a conversion price of \$4.25 per share. The LPG terminal in Wuhan not only provides the Group with a new operating skill base, but also an initial foothold in Central China.

庫務投資

截至二零零六年九月三十日的六個月內，約 7,500 萬元（二零零五年：3,400 萬元）的經營溢利來自庫務投資業務。

於二零零六年九月三十日，本集團的投資證券總值約達 1.13 億元（二零零六年三月三十一日：1.62 億元），約佔本集團總資產 2%。

重大收購及出售

收購南通港口集團 45% 股本權益

於二零零五年八月十二日，本集團訂立一項有條件協議，據此於南通港口集團投資約 4.35 億人民幣。於二零零六年九月三十日，本集團已完成注資額並持有南通港口集團之 45% 權益。南通港口集團為一家核心港口企業，其擁有南通港口四個主要碼頭。作為中國江蘇省南通市之主要港口，南通港口位處毗鄰長江之河口，亦為對外開放外貿之國家一級港口及全國樞紐港口。

進一步收購洋口港項目 7.4% 間接權益

於本期間，本集團通過收購一位少數股東持有的 Global Achiever Limited（為多間洋口港項目附屬公司之投資控股公司）餘下 9.9% 權益，進一步由 67.6% 增持至 75% 於洋口港項目之間接權益，有關代價已藉以每股發行價 2.45 元發行 6,850 萬股保華新股份支付。

收購民生石油資產

為進一步把握大宗濕貨碼頭之商機，增強於此行業之能力，本集團於二零零六年五月十二日訂立資產收購協議，以收購於中國武漢與大宗濕貨物流業務有關之資產，包括液化石油氣儲配設施、碼頭及棧橋、加氣站及設備。收購代價為 4.7 億人民幣，其中 3.5 億人民幣以現金支付，而 1.2 億人民幣則由保華發行可換股票據予賣方支付，票據之換股價為每股 4.25 元。武漢液化石油氣碼頭不但為本集團提供全新營運技能之基礎，亦為集團帶來首個華中地區據點。

Divestment in China Strategic

During the current period, the Group completed its disposal of a 15.32% interest in China Strategic Holdings Limited at a cash consideration of \$26 million. The remaining 62 million consolidated shares of China Strategic were classified as investment held for trading as at 30 September 2006.

Major Subsequent Event

Disposal of M. Bux Tower

Subsequent to the period under review, in November 2006, the Group entered into an agreement to sell M. Bux Tower, an industrial building located in Kwai Chung, Hong Kong, for the sum of \$98 million in cash. The sale price represented a premium of about \$20 million over book value. The disposal of M. Bux Tower marks the completion of the Group's divestment programme, allowing it to focus its future business on developing its regional port strategy in the Yangtze River region.

Liquidity and Capital Resources

The Group continues to adopt a prudent funding and treasury policy with regard to its overall business operations. A variety of credit facilities are maintained to meet its working capital requirements and committed capital expenditures. The loans of the Group bear interest at market rates and are with terms of repayment ranging from one year to five years. To minimize the adverse impact of exchange rate and interest rate fluctuation on the Group's earnings, assets and liabilities, the Group continues to manage the fluctuation exposures on specific transactions.

As at 30 September 2006, the Group's total borrowings amounted to about \$876 million (31.3.2006: \$688 million), with \$462 million (31.3.2006: \$523 million) repayable within one year and \$414 million (31.3.2006: \$165 million) repayable after one year. Out of the Group's total borrowings of about \$876 million as at 30 September 2006, about \$282 million was non-recourse to the Group (excluding the Paul Y Engineering Group).

出讓中策資產

於本期間，本集團完成以現金代價 2,600 萬元出售中策集團有限公司 15.32% 權益，其餘 6,200 萬股中策合併股份於二零零六年九月三十日列作作買賣投資。

主要結算日後事項

出售百德中心

期結日後，本集團於二零零六年十一月已訂立協議，以現金 9,800 萬元出售位於香港葵涌一座工業大廈「百德中心」。出售價較賬面淨值高出約 2,000 萬元。出售百德中心標誌本集團已完成整個出讓資產計劃，今後將可專注於長江流域港口業務發展策略。

流動資金及資本來源

本集團繼續就其整體業務營運採納審慎之資金及財務政策，設有多項信貸作為其所需之營運資金及資本開支承擔的支持。本集團之貸款按市場息率計息，還款期為一至五年。為盡量減低匯率及利率波動對本集團盈利、資產及負債之不利影響，本集團持續管理特定交易之市場波動風險。

於二零零六年九月三十日，本集團借款共達約 8.76 億元（二零零六年三月三十一日：6.88 億元），其中 4.62 億元（二零零六年三月三十一日：5.23 億元）須於一年內償還，另 4.14 億元（二零零六年三月三十一日：1.65 億元）須於一年後償還。本集團於二零零六年九月三十日約 8.76 億元之總借貸中，約 2.82 億元對本集團（不包括保華建業集團）並無追索權。

Managing Director's Report

董事總經理報告書

As at 30 September 2006, \$366 million (31.3.2006: \$404 million) of the Group's borrowings bore interest at floating rates and were denominated in HK\$, \$441 million (31.3.2006: \$142 million) bore interest at floating rates and were denominated in RMB, and \$69 million (31.03.2006: \$142 million) bore interest at a fixed rate and were denominated in RMB. The Group's gearing ratio was 0.34 (31.3.2006: 0.27), which is calculated based on the total borrowings of \$876 million (31.3.2006: \$688 million) and the Group's shareholders' fund of \$2,547 million (31.3.2006: \$2,571 million).

Cash balances as at 30 September 2006 amounted to about \$705 million (31.3.2006: \$785 million), of which about \$49 million (31.3.2006: \$119 million) has been pledged to banks to secure general credit facilities granted to the Group. At the period end, the Group has a net debt position (being cash balances net of bank borrowings) of \$44 million (31.3.2006: net cash of \$313 million).

During the current period, PYI issued 68.5 million new ordinary shares as consideration for acquiring a further 7.4% indirect interest in the Yangkou Port project.

In addition, the Group has contracted to pay for the consideration of acquiring the LPG assets and business in Wuhan as to RMB350 million in cash and RMB120 million by way of the issuance of a zero coupon, 3-year HK\$ convertible note of PYI at a conversion price of \$4.25 per share. The issuance of this convertible note was conditional upon the fulfilment of certain conditions as stated in the acquisition agreement, some of which had not been completed as at 30 September 2006. The Group also negotiated a 7-year bank term loan in principal amount of RMB300 million as the primary facility to finance this acquisition. As at 30 September 2006, the Group utilised the said bank term loan in an aggregate amount of RMB253 million.

於二零零六年九月三十日，本集團借款中有 3.66 億元（二零零六年三月三十一日：4.04 億元）按浮動息率計息並以港元為單位，4.41 億元（二零零六年三月三十一日：1.42 億元）按浮動利率計息並以人民幣為單位，另有 6,900 萬元（二零零六年三月三十一日：1.42 億元）按固定利率計息並以人民幣為單位。本集團之資本負債比率為 0.34（二零零六年三月三十一日：0.27），該項比率乃根據本集團 8.76 億元（二零零六年三月三十一日：6.88 億元）之總借款及 25.47 億元（二零零六年三月三十一日：25.71 億元）之股東資金計算。

於二零零六年九月三十日之現金結餘約為 7.05 億元（二零零六年三月三十一日：7.85 億元），當中約 4,900 萬元（二零零六年三月三十一日：1.19 億元）已抵押予銀行以取得本集團所獲給予之一般信貸融資。於期末，本集團處於淨借款狀況（即扣除銀行借貸後之現金結餘）4,400 萬元（二零零六年三月三十一日：淨現金 3.13 億元）。

於本期間，保華發行 6,850 萬股新普通股股份，作為進一步收購於洋口港項目 7.4% 間接權益的代價。

此外，本集團訂約收購武漢液化石油氣資產及業務之代價，當中 3.5 億人民幣是以現金支付，而 1.2 億人民幣則由保華發行以港元為單位之三年期零票息可換股票據支付，票據之換股價為每股 4.25 元。可換股票據發行須取決於收購協議內所列明之若干條件是否達致而定，惟於二零零六年九月三十日部份條件尚未完成。本集團亦已磋商獲取一筆本金額 3 億人民幣之七年期銀行有期貸款，作為支持該宗收購之主要信貸融資。於二零零六年九月三十日，本集團已取用該銀行有期貸款合共 2.53 億人民幣。

Contingent Liabilities

As at 30 September 2006, the Group has contingent liabilities in respect of guarantee in favour of a bank for banking facilities given to an associate of about \$9 million (31.3.2006: \$9 million), which was non-recourse to the Group (excluding the Paul Y Engineering Group).

The Group has provided rental guarantee in favor of the purchaser of Paul Y. Centre. Under this rental guarantee, the Group has guaranteed that the net rental for each of the three years commencing from 20 January 2006 would not be less than \$48 million. The Group is entitled to receive 30% of any excess of the net annual rental of the guaranteed period received over \$48 million. In the opinion of the directors, the fair value of the liabilities in relation to this rental guarantee arrangement is insignificant as at 30 September 2006.

Pledge of Assets

As at 30 September 2006, certain of the Group's properties, plant and equipment, land and sea use rights, properties held for sale, bank deposits, investment held for trading with an aggregate value of about \$725 million (31.3.2006: \$319 million) and benefits under certain construction contracts have been pledged to banks and financial institutions to secure general credit facilities granted to the Group. About \$49 million (31.3.2006: \$76 million) of the pledged assets as at 30 September 2006 were pledged to secure credit facilities which were non-recourse to the Group (excluding the Paul Y Engineering Group).

Commitments

As at 30 September 2006, the Group has expenditure contracted for but not provided for in the consolidated financial statements in respect of the acquisition of certain property, plant and equipment, project under development and equity investment in the amount of about \$372 million (31.3.2006: \$92 million).

Human Resources

At the end of the period under review, the Group employed a total of about 1,536 full-time employees (31.3.2006: 1,294 employees), among them 1,220 were employed by Paul Y Engineering (31.3.2006: 1,190 employees). Remuneration packages consisted of salary as well as performance-based and equity-based bonuses. PYI has already implemented three share-related incentive schemes to provide alternative means to motivate employees and promote their loyalty in line with the Group's business strategy. Such schemes benefited PYI staff both in Hong Kong and the Mainland.

或然負債

於二零零六年九月三十日，本集團就聯營公司獲授之銀行信貸給予銀行之擔保，有約 900 萬元（二零零六年三月三十一日：900 萬元）之或然負債，其對本集團（不包括保華建業集團）並無追索權。

本集團向保華企業中心買家提供租金擔保。根據此租金擔保，本集團擔保自二零零六年一月二十日起三年各年之淨租金將不少於 4,800 萬元，本集團有權收取擔保期內已收取淨年租金超逾 4,800 萬元數額之 30%。董事認為，於二零零六年九月三十日，該租金擔保安排中之公平價值屬微不足道。

資產抵押

於二零零六年九月三十日，本集團總值約 7.25 億元（二零零六年三月三十一日：3.19 億元）之若干物業、機械及設備、土地及海域使用權、持作出售物業、銀行存款、持作買賣投資以及於若干建築合約之利益，已抵押予銀行及財務機構，以取得對本集團所給予之一般信貸融資。於二零零六年九月三十日，約 4,900 萬元（二零零六年三月三十一日：7,600 萬元）的已抵押資產已作為對本集團（不包括保華建業集團）並無追索權之信貸融資的抵押品。

承擔

於二零零六年九月三十日，本集團就收購若干物業、機械及設備、發展中項目以及股本投資有約 3.72 億元（二零零六年三月三十一日：9,200 萬元）之已簽訂但並未於綜合財務報表撥備之開支。

人力資源

於本期間結算日，本集團共聘用約 1,536 名全職僱員（二零零六年三月三十一日：1,294 名僱員），其中約 1,220 名乃由保華建業聘用（二零零六年三月三十一日：1,190 名僱員），酬金包括薪金及與表現掛鉤之花紅及股份形式花紅。保華已實行三項與股份相關之獎勵計劃，以配合集團業務策略，為推動員工努力工作及提高歸屬感提供更多選擇方案，該等計劃同時讓香港及中國內地之保華員工獲益。

Managing Director's Report

董事總經理報告書

Interim Dividend

The Board has resolved to pay an interim dividend of 1.5 cents per share for the six months ended 30 September 2006 (2005: 1.5 cents per share) to shareholders whose names appear on the register of members of PYI as at the close of business on 10 January 2007. The interim dividend is expected to be paid to shareholders by post on or around 9 February 2007.

The interim dividend will be paid in cash, with shareholders being offered an opportunity to re-invest in PYI by receiving PYI shares in lieu of cash in respect of all or part of such dividend. The market value of the shares to be issued under the scrip dividend proposal will be fixed by reference to the average of the closing prices of PYI shares for the three consecutive trading days ending 10 January 2007 less a discount of five per cent. of such average price or to the par value of the shares, whichever is the higher. The proposed scrip dividend is conditional upon The Stock Exchange of Hong Kong Limited granting listing of, and permission to deal in, the new shares to be issued.

Closure of the Register of Members

The register of members of PYI will be closed during the period from 8 January 2007 to 10 January 2007, both dates inclusive, during which period no transfer of share(s) of PYI will be effected. In order to qualify for the interim dividend, all transfer of share(s), accompanied by the relevant share certificate(s) with the completed transfer form(s) with overleaf or separately, must be lodged with PYI's share registrars in Hong Kong, Secretaries Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:00 p.m. on 5 January 2007.

Outlook

It appears that China will continue steaming ahead with strong growth which sets to remain steady for the remaining six months ending 31 March 2007. Such growth, coupled with increasing levels of international trade, has spiked demand for essential raw materials, construction materials and energy resources.

The Group's business in bulk cargo and ports infrastructure is directly benefited from this booming demand as Mainland China increases its appetite for the resources necessary to support its continued growth.

To strengthen its strategic position in the Yangtze River region, PYI is focusing on the ongoing development of its flagship project at Yangkou Port, as well as leveraging its operations at Nantong and Wuhan for maximum synergies, cross-business opportunities and economies of scale.

中期股息

董事局已決議向於二零零七年一月十日辦公時間結束時名列保華股東名冊之股東派付截至二零零六年九月三十日止六個月之中期股息每股 1.5 仙（二零零五年：每股 1.5 仙）。中期股息預計於二零零七年二月九日左右以郵寄方式向股東派付。

中期股息將以現金方式派發，股東亦可選擇將中期股息再度投資於保華，就部份或全部股息選擇收取保華股份代替現金。根據以股代息建議將予發行之股份市值將參照保華股份於截至二零零七年一月十日止連續三個交易日之平均收市價減按該平均價格之 5% 折讓或股份面值（以較高者為準）而釐定。建議之以股代息須待香港聯合交易所有限公司批准新股份上市及買賣後方可作實。

暫停辦理股東登記手續

保華將於二零零七年一月八日至二零零七年一月十日（包括首尾兩日）暫停辦理股東登記手續，期內將不會登記任何保華股份之轉讓。如欲獲派中期股息，所有股份過戶文件連同有關股票及已填妥背頁或獨立之過戶表格，最遲須於二零零七年一月五日下午四時前交回保華之香港股份過戶登記分處秘書商業服務有限公司以供登記，地址為香港灣仔皇后大道東 28 號金鐘匯中心 26 樓。

展望

預期中國將持續錄得強勁增長，穩步向前，斐然增長之勢應可望於二零零七年三月三十一日止之財政年度餘下六個月內繼續保持。此增長加上國際貿易日趨頻繁，導致基本原材料、建築材料與能源需求銳增。

隨著中國內地對持續增長所需資源需求日增，本集團的大宗散貨港口基建業務亦將直接受惠。

為了穩佔在長江流域之策略據點，保華正銳意發展位處洋口港之旗艦項目，並借助集團於南通與武漢之業務，以充分發揮協同效應、互惠商機以及規模經濟之效。

Having acquired operational expertise in both dry and liquid bulk cargo, PYI is exploring opportunities for further acquisitions in order to increase our critical mass in the Yangtze River region. In the remainder of this financial year, it is crucial for PYI to secure the development of an LNG import facility in Yangkou Port as well as to pursue acquisitions of strategic port assets in the Yangtze River region.

PYI is fully committed to deploying its professional capabilities and operational resources to participate in China's ports and logistics sector, and to achieve our vision of becoming the major bulk cargo port investor and operator in the Yangtze River region.

Yours faithfully,

Tom Lau

Deputy Chairman & Managing Director

Hong Kong, 14 December 2006

繼掌握大宗乾濕散貨營運專業知識後，保華正發掘進一步收購的機會，以提升保華於長江流域的重要地位。於餘下財政年度，完成發展洋口港之液化天然氣進口設施及尋求於長江流域收購策略性港口資產，對保華相當重要。

保華致力運用專業技能與營運資源，進軍中國港口與物流行業，並實現本集團成為長江流域主要大宗散貨港口投資者及營運商的宏願。

副主席兼董事總經理

劉高原

謹啟

香港，二零零六年十二月十四日