

Solid Foundation Benefit our Shareholders

穩健根基 利澤股東



» Dr Joseph Chow remarked, "PYI has prudently completed the divestment and capital return programs and we are now entirely focusing on the ports and logistics sector in the Yangtze River region."

» 周明權博士：「保華謹慎地完成了出售資產和資本回饋計劃，我們現時專注發展長江流域的港口及物流業務。」

Dear Shareholders,

I am pleased to report our solid financial results for the year ended 31 March 2006, with net profit of HK\$310 million on a turnover of HK\$3,540 million. The Board declared a final dividend of HK1.5 cents per share. This, together with the interim dividend of HK1.5 cents per share and the special dividend equivalent to HK70 cents per share paid during the year, will aggregate to total dividends of HK73 cents per share for this year. It is also pleasing to have achieved our total shareholder return of 37% for the year. Please refer to the Managing Director's Report and the Financial Review sections for full details of our business review.

Following the divestment of our interests in China Strategic, we have also paid another special dividend by way of an in-specie distribution in June, in the amount of some HK22 cents per share. In the past three years, PYI has prudently completed the divestment and capital return programs and we are now totally focusing on the ports and logistics sector in the Yangtze River region. Having already established our foothold in Nantong in the delta and Wuhan in the mid-stream of the Yangtze, we see great opportunities ahead for us to further strengthen our positions in both dry and liquid bulk cargo operations.

各位股東：

本人欣然向閣下呈報集團截至二零零六年三月三十一日止財政年度之業績，年度營業額為35.4億港元，而除稅後盈利則為3.1億港元。董事局建議派發每股末期股息1.5港仙。計及中期股息1.5港仙以及年內派發折合每股約70港仙之特別股息，本年度股息總額高達73港仙。同時，本人對於今年的股東總收益達到37%感到非常滿意。業務回顧之詳情，請參閱董事總經理報告和財務回顧章節。

隨著集團出售中策資產，我們已於六月以實物方式派發大約每股22港仙之股息，此舉為保華在過去三年裡的出售資產和資本回饋計劃畫上圓滿句點。集團現時專注於長江流域的港口和物流業務，在長三角的南通和長江中游的武漢建立了據點，面對大好機遇，我們將進一步加強集團經營大宗乾濕散貨的市場地位。

▶▶ We are committed to the ongoing process in delivering exceptional growth on our shareholders' return.

▶▶ 展望將來，本公司將繼續努力不懈，務求為股東帶來最理想的回報。

Apart from ports and logistics related investments, PYI will continue to support further growth of Paul Y. Engineering Group in Macau and Mainland China.

During the year, we saw our shareholder base continue to be broadened with increasing free float and liquidity. Our Board is committed to upholding a high standard of corporate governance practices and business ethics in the firm belief that they are essential for maintaining and promoting investors' confidence and maximizing shareholder return.

Currently, three independent non-executive directors form the majority of the Board to ensure that the Board's actions account for the interests of all shareholders and that all issues are considered in an objective manner. Besides, the Group has set up five board committees, which help the Board evaluate, review and recommend development strategies and risk management measures, monitor and safeguard the independence of external auditors, and review the nomination of directors, remuneration policies and other relevant matters. For a clearer appreciation of our corporate governance practices, please refer to the section containing our Corporate Governance Report.

The Board has made serious efforts in understanding the new business dynamics of the Group. During the year, several site visits to all of our port facilities have been made and the Board is satisfied with the integrity and prospects of these investment made. We are committed to the ongoing process in delivering exceptional growth on our shareholders' return.

除了投資在港口及物流業，本公司亦會繼續全力支持保華建業集團在澳門及中國內地市場的進一步發展。

我們亦高興見到公司的股東基礎於本年度繼續擴闊，而公眾持股量及股份流通量亦有所增加。保華董事局恪守維持高水準的企業管治及商業道德的承諾，並深信此對於維持及提高投資者信心和增加股東回報至為重要。

目前，董事局的大部份成員為獨立非執行董事，他們之主要職責為確保董事局之所有行動均符合全體股東之利益，並確保本集團客觀地考慮公司事宜。此外，集團已設立五個董事局轄下委員會，以協助董事局評估、檢討及建議發展策略及風險管理措施；監察及確保外聘核數師之獨立性；檢討董事局成員之提名、薪酬政策以及其他相關事宜。請參閱企業管治報告，以進一步瞭解保華集團之企業管治狀況。

董事局亦非常重視瞭解集團營商環境的最新形勢。我們於本年度多次巡訪旗下所有港口設施，而董事局對於這些投資的狀況及發展前景深感滿意。我們將繼續努力不懈，務求為股東帶來最理想的回報。

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 year, for their valuable contribution to the Group throughout the years. I would also like to thank our shareholders, business partners, the management and staff for their confidence, support and dedication to the Group.

Yours faithfully,

Joseph Chow OBE, JP
Chairman

Hong Kong, 7 July 2006

本人謹此再一次感謝於本年度內退任之董事陳佛恩先生、周美華女士、張漢傑先生及張定球先生多年來一直對本集團作出寶貴貢獻。同時亦藉此感謝我們的股東、業務夥伴、管理層和員工對本公司的信任、支持與竭誠服務。

周明權 OBE, JP
主席

謹啟

香港，二零零六年七月七日