

Review of Financial Performance and Positions

For the year ended 31 March 2006, the Group recorded a consolidated turnover of approximately HK\$3,540 million (2005: 3,588 million) which is close to that of the last corresponding year.

The Group's gross profit rose encouragingly by 58% to some HK\$355 million (2005: HK\$225 million), representing a gross margin of approximately 10% of the consolidated turnover. With the remarkable contribution of profits from the operations and tight cost control, the Group attained a profit before tax of approximately HK\$399 million (2005: HK\$497 million).

Profit

The Group's profit before taxation comprised:

- (i) net gain of approximately HK\$138 million in construction and other contracting activities attributable to Paul Y. Engineering (2005: HK\$107 million);
- (ii) net gain of approximately HK\$12 million in property investment (2005: HK\$23 million);
- (iii) net gain of approximately HK\$80 million in treasury investment (2005: HK\$8 million);
- (iv) interest income of approximately HK\$26 million (2005: HK\$52 million);
- (v) increase in fair value of derivative financial instruments regarding options to acquire 15% equity interest in subsidiaries engaged in the development of Yangkou Port of approximately HK\$41 million (2005: Nil);
- (vi) discount on acquisition of additional interest in subsidiaries engaged in the development of Yangkou Port of approximately HK\$9 million (2005: Nil);
- (vii) increase in fair value of Paul Y. Centre of approximately HK\$85 million (2005: Nil);
- (viii) net gain on disposal of subsidiaries holding Paul Y. Centre and other non-core assets of approximately HK\$61 million (2005: HK\$68 million);
- (ix) net corporate expenses of approximately HK\$46 million (2005: HK\$96 million);
- (x) finance costs of approximately HK\$17 million (2005: HK\$6 million); and
- (xi) net gain of approximately HK\$10 million (2005: HK\$341 million) from associates and jointly controlled entities.

財務表現及狀況回顧

截至二零零六年三月三十一日止年度，本集團錄得綜合營業額3,540,000,000港元（二零零五年：3,588,000,000港元），與去年同期數字相若。

本集團之毛利上升58%至約355,000,000港元（二零零五年：225,000,000港元），毛利率約為綜合營業額之10%。在經營溢利及嚴謹成本控制之可觀貢獻下，本集團之除稅前溢利約達399,000,000港元（二零零五年：497,000,000港元）。

溢利

本集團之除稅前溢利包括：

- (i) 建築及其他保華建業應佔承包活動之收益淨額約138,000,000港元（二零零五年：107,000,000港元）；
- (ii) 物業投資之收益淨額約12,000,000港元（二零零五年：23,000,000港元）；
- (iii) 庫務投資之收益淨額約80,000,000港元（二零零五年：8,000,000港元）；
- (iv) 利息收入約26,000,000港元（二零零五年：52,000,000港元）；
- (v) 收購發展洋口港附屬公司15%股本權益的期權之衍生金融工具公平價值增加約41,000,000港元（二零零五年：無）；
- (vi) 增購發展洋口港之附屬公司權益之折讓約9,000,000港元（二零零五年：無）；
- (vii) 保華企業中心之公平價值增加約85,000,000港元（二零零五年：無）；
- (viii) 出售持有保華企業中心及其他非核心資產之附屬公司產生之淨溢利約61,000,000港元（二零零五年：68,000,000港元）；
- (ix) 企業開支淨額約46,000,000港元（二零零五年：96,000,000港元）；
- (x) 融資成本約17,000,000港元（二零零五年：6,000,000港元）；及
- (xi) 攤佔聯營公司及共同控制機構收益淨額約10,000,000港元（二零零五年：341,000,000港元）。

Profit – continued

Net profit for the year attributable to the shareholders of the Company was approximately HK\$310 million (2005: HK\$522 million) and basic earnings per share was HK22.7 cents (2005: HK38.5 cents).

Return on equity was at 12.1% (2005: 16.4%).

Financial Position

When compared with the Group's financial position as at last year end, total assets decreased by about 16% to some HK\$5,982 million (2005: HK\$7,110 million) and net current assets decreased by about 38% to some HK\$1,284 million (2005: HK\$2,075 million), mainly due to the payment of a special cash dividend totalling approximately HK\$957 million during the year. Consequently, current assets decreased from 2.1 times to 1.7 times of current liabilities. After accounting for the net profit of approximately HK\$310 million net of dividends paid of approximately HK\$998 million, equity attributable to shareholders of the Company decreased by 19% to some HK\$2,571 million (2005: HK\$3,179 million), representing HK\$1.86 per share as at 31 March 2006 (2005: HK\$2.32 per share).

Net cash inflow from operations was about HK\$23 million, and outflow in respect of investing and financing activities was about HK\$606 million, resulting in a net decrease in available cash and cash equivalents of about HK\$583 million. Again such decrease was due to the special dividend paid.

The total shareholder return for the year ended 31 March 2006, which is the increase in share price of the Company plus dividends paid during the year, was approximately 37% (2005: 278%).

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. The loans of the Group bear interest at market rates and are with terms of repayment ranging from one year to five years.

As at 31 March 2006, the Group's total borrowings amounted to approximately HK\$688 million (2005: HK\$831 million) with HK\$523 million (2005: HK\$290 million) repayable within one year and HK\$165 million (2005: HK\$541 million) repayable after one year. Out of the Group's total borrowings of approximately HK\$688 million as at 31 March 2006, about HK\$292 million was non-recourse to the Group (excluding the Paul Y. Engineering Group).

溢利 – 續

本公司股東應佔年度淨溢利約為310,000,000港元（二零零五年：522,000,000港元），每股基本盈利為22.7港仙（二零零五年：38.5港仙）。

股權收益為12.1%（二零零五年：16.4%）。

財政狀況

與本集團對上一年度結束時之財政狀況相比，本集團之總資產減少了約16%至約5,982,000,000港元（二零零五年：7,110,000,000港元），而流動資產淨值則減少了約38%至約1,284,000,000港元（二零零五年：2,075,000,000港元），主要原因是支付特別現金股息合共約957,000,000港元。因此，流動資產由相當於流動負債之2.1倍減少至1.7倍。計及純利約310,000,000港元（扣除已派付股息約998,000,000港元）後，本公司股東應佔之權益減少19%至約2,571,000,000港元（二零零五年：3,179,000,000港元），於二零零六年三月三十一日為每股1.86港元（二零零五年：每股2.32港元）。

經營業務之現金流入淨額約為23,000,000港元，而投資業務及融資活動之現金流出則約為606,000,000港元，導致現金及現金等值項目淨額減少約583,000,000港元。該減少同樣因支付特別股息。

於截至二零零六年三月三十一日止年度之股東總回報（即本公司股價於年內之增長加年內派付之股息）約為37%（二零零五年：278%）。

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。本集團之貸款按市場息率計息，還款期為一至五年。

於二零零六年三月三十一日，本集團借款共達約688,000,000港元（二零零五年：831,000,000港元），其中523,000,000港元（二零零五年：290,000,000港元）須於一年內償還，另165,000,000港元（二零零五年：541,000,000港元）須於一年後償還。本集團於二零零六年三月三十一日總計約688,000,000港元之借貸當中，約292,000,000港元對本集團（不包括保華建業集團）並無追索權。

Liquidity and Capital Resources – continued

Cash balances at 31 March 2006 amounted to approximately HK\$785 million (2005: HK\$1,255 million) of which approximately HK\$119 million has been pledged to banks to secure general credit facilities granted to the Group (2005: Nil). At the year end, the Group maintained a net cash position (being cash balances less bank borrowings) of HK\$313 million.

As at 31 March 2006, HK\$404 million (2005: HK\$765 million) of the Group's borrowings bore interest at floating rates and were denominated in Hong Kong dollars, HK\$142 million (2005: Nil) of the Group's borrowings bore interest at floating rates and were denominated in Renminbi and HK\$142 million (2005: HK\$66 million) of the Group's borrowings bore interest at a fixed rate and were denominated in Renminbi. The Group's gearing ratio was 0.27 (2005: 0.26) which is calculated based on the total borrowings of HK\$688 million (2005: HK\$831 million) and the Group's shareholders' funds of HK\$2,571 million (2005: HK\$3,179 million).

Contingent Liabilities

As at 31 March 2006, the Group has contingent liabilities in respect of (a) outstanding performance bonds on construction contracts of Paul Y. Engineering's subsidiaries of approximately HK\$361 million (2005: HK\$310 million) of which approximately HK\$283 million was non-recourse to the Group (excluding the Paul Y. Engineering Group) and (b) guarantee given to a bank for banking facilities given to an associate of Paul Y. Engineering of approximately HK\$9 million (2005: Nil) which was non-recourse to the Group (excluding the Paul Y. Engineering Group).

The Group has provided rental guarantee ("Rental Guarantee") in favor of the purchaser of Paul Y. Centre. Under the Rental Guarantee, the Group has guaranteed that the net rental for each of the three years commencing from 20 January 2006 ("Guaranteed Period") would not be less than HK\$48 million. The Group is entitled to receive 30% of any excess of the net annual rental of the Guaranteed Period received over HK\$48 million. In the opinion of the directors, the fair value of the liabilities in relation to the Rental Guarantee arrangement is insignificant as at 31 March 2006.

流動資金及資本來源 – 續

於二零零六年三月三十一日之現金結餘約為785,000,000港元(二零零五年: 1,255,000,000港元), 當中約119,000,000港元(二零零五年: 無)已抵押予銀行以取得本集團所給予之一般信貸融資。於年度末期, 本集團維持約313,000,000港元之淨現金狀況(現金結餘減銀行借貸)。

於二零零六年三月三十一日, 本集團借款中有404,000,000港元(二零零五年: 765,000,000港元)按浮動息率計息並以港元為單位。本集團借款中有142,000,000港元(二零零五年: 無)按浮動利率計息並以人民幣為單位, 另有142,000,000港元(二零零五年: 66,000,000港元)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0.27(二零零五年: 0.26), 該項比率乃根據本集團688,000,000港元(二零零五年: 831,000,000港元)之總借款及2,571,000,000港元(二零零五年: 3,179,000,000港元)之股東資金計算。

或然負債

於二零零六年三月三十一日, 本集團之或然負債乃有關(a)保華建業之附屬公司仍然有效之建築合約履約擔保書約361,000,000港元(二零零五年: 310,000,000港元)(其中約283,000,000港元對本集團(不包括保華建業集團)並無追索權), 及(b)作為銀行給予保華建業之聯營公司之銀行信貸擔保約9,000,000港元(二零零五年: 無)(此擔保對本集團(不包括保華建業集團)並無追索權)。

本集團為保華企業中心買家提供租金擔保(「租金擔保」)。根據租金擔保, 本集團擔保自二零零六年一月二十日起計三年每年(「擔保期」)之淨租金將不少於48,000,000港元。本集團有權收取擔保期內收取淨年租金超逾48,000,000港元數額之30%。董事認為, 於二零零六年三月三十一日, 有關租金擔保安排之負債之公平價值屬微不足道。

Pledge of Assets

As at 31 March 2006, certain of the Group's properties, bank deposits and investment held for trading with an aggregate value of approximately HK\$319 million (2005: HK\$753 million) and the issued shares of certain subsidiaries of the Company and its benefits under certain construction contracts, have been pledged to banks and financial institutions to secure general credit facilities granted to the Group. Approximately HK\$76 million of the pledged assets as at 31 March 2006 were pledged to secure credit facilities which were non-recourse to the Group (excluding the Paul Y. Engineering Group).

Commitments

As at 31 March 2006, the Group has expenditure contracted but not provided for in the consolidated financial statements in respect of acquisition of certain property, plant and equipment and project under development in the amount of approximately HK\$92 million (2005: HK\$91 million), all of the amount was committed by the Group (excluding the Paul Y. - Engineering Group).

資產抵押

於二零零六年三月三十一日，本集團總值約319,000,000港元(二零零五年：753,000,000港元)之若干物業及持作買賣投資，與本公司若干附屬公司之已發行股本連同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。於二零零六年三月三十一日已抵押資產之約76,000,000港元為信貸融通作押，有關信貸融通對本集團（不包括保華建業集團）並無追索權。

承擔

於二零零六年三月三十一日，本集團就收購若干物業、機械及設備以及發展中項目有約92,000,000港元(二零零五年：91,000,000港元)之已簽訂但並未於綜合財務報表撥備之開支，此開支全數由本集團(不包括保華建業集團)承擔。