

Directors' Report

董事局報告書

The directors present their annual report and the audited consolidated financial statements of Paul Y. Engineering Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2006.

Principal Activities

The Company is an investment holding company.

The activities of its principal subsidiaries, associates and jointly controlled entities at 31 March 2006 are set out in note 44 to the consolidated financial statements.

Results and Appropriations

The results of the Group and appropriations of the Company for the year ended 31 March 2006 are set out in the consolidated income statement on page 50 of the annual report and in the accompanying notes to the consolidated financial statements.

Major Customers and Suppliers

For the year ended 31 March 2006, the five largest customers and the single largest customer of the Group accounted for approximately 72% and 26% of the turnover of the Group, respectively. The aggregate purchases attributable to the five largest suppliers of the Group during the year were less than 30% of the purchases of the Group.

As far as the directors are aware, none of the directors, their associates, within the meaning of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") (the "Listing Rules"), or those shareholders which to the knowledge of the directors own more than 5% of the Company's share capital have an interest in any of the five largest customers of the Group for the year ended 31 March 2006.

Liquidity and Capital Resources

The Group currently maintains a variety of credit facilities to meet its working capital requirements. At 31 March 2006, the Group's total borrowings amounted to approximately HK\$292,304,000 with approximately HK\$142,304,000 repayable within one year, approximately HK\$22,000,000 repayable between one to two years and approximately HK\$128,000,000 repayable between two to five years. Cash, bank balances and deposits at 31 March 2006 amounted to approximately HK\$380,811,000. The Group's current ratio was 1.3 and the Group's total borrowings to equity ratio was 0.8 at 31 March 2006.

董事謹提呈保華建業集團有限公司(「本公司」)及其附屬公司(統稱「本集團」)截至二零零六年三月三十一日止年度之年報及經審核綜合財務報表。

主要業務

本公司為一家投資控股公司。

本公司之主要附屬公司、聯營公司及共同控制機構於二零零六年三月三十一日之業務載列於綜合財務報表附註44。

業績及利潤分配

本集團截至二零零六年三月三十一日止年度之業績及本公司於同年之利潤分配載列於本年報第50頁綜合收益表及綜合財務報表附註。

主要客戶及供應商

截至二零零六年三月三十一日止年度，本集團五大客戶及單一最大客戶分別佔本集團之營業額約72%及26%。年內，本集團五大供應商合佔本集團之購貨量不超過本集團購貨量30%。

據董事所知，董事與彼等之聯繫人士(按香港聯合交易所有限公司(「香港聯交所」)證券上市規則(「上市規則」)界定)或據董事所知擁有本公司股本逾5%之股東在截至二零零六年三月三十一日止年度內於本集團五大客戶概無任何權益。

流動資金及資本來源

本集團現時為應付營運資金需要而備有多項信貸融通額。於二零零六年三月三十一日，本集團借款共達約292,304,000港元，其中約142,304,000港元須於一年內償還，約22,000,000港元須於一至兩年內償還，另約128,000,000港元須於二至五年內償還。於二零零六年三月三十一日之現金、銀行結餘及存款約為380,811,000港元。於二零零六年三月三十一日，本集團之流動比率為1.3，而本集團之總借貸對權益比率為0.8。

Property, Plant and Equipment

During the year, the Group spent approximately HK\$7,142,000 on property, plant and equipment to expand and upgrade its operating capacity.

Details of these and other movements in the property, plant and equipment of the Group during the year are set out in note 16 to the consolidated financial statements.

Share Capital

Details of movements in the issued share capital of the Company during the year are set out in note 34 to the consolidated financial statements.

Share Options

Particulars of the share option schemes and details of movements in the share options of the Company and its holding company during the year are set out in note 35 to the consolidated financial statements.

Distributable Reserves of the Company

The Company's reserves available for distribution to shareholders as at 31 March 2006 comprised the accumulated profits of HK\$41,330,000 (2005: HK\$45,371,000).

物業、機械及設備

年內，本集團之物業、機械及設備開支約為7,142,000港元，乃用於擴充及提升營運設施。

年內，本集團物業、機械及設備之上述變動及其他變動詳情載列於綜合財務報表附註16。

股本

年內，本公司已發行股本之變動詳情載列於綜合財務報表附註34。

購股權

年內，購股權計劃之資料以及本公司及其控股公司之購股權變動詳情載列於綜合財務報表附註35。

本公司之可供分派儲備

於二零零六年三月三十一日，本公司可供分派予股東之儲備包括累計溢利41,330,000港元（二零零五年：45,371,000港元）。

Directors' Report

董事局報告書

Directors

The directors of the Company during the year and up to the date of this report were:

Independent Non-Executive Directors

James Chiu, *OBE, JP* (appointed on 17 March 2006)
(Chairman)
Lee Chack Fan, *SBS, JP*
Iain Ferguson Bruce
Ronald James Blake, *OBE, JP* (resigned on 17 March 2006)
(Former Chairman)

Non-Executive Director

Lau Ko Yuen, Tom (*Deputy Chairman*)

Executive Directors

Mok Yat Fan, Edmond (appointed on 1 June 2006)
(Chief Executive Officer)
Kwan Chi Ping, Edgar (appointed on 1 June 2006)
(Chief Operating Officer)
Lee Hon Chiu
Wong Wing Hoo, Billy, *JP* (resigned on 30 April 2006)
(Former Managing Director)

In accordance with Bye-law 86(2) of the Company's Bye-laws, Mr James Chiu, Mr Mok Yat Fan, Edmond and Mr Kwan Chi Ping, Edgar retire at the forthcoming annual general meeting. In addition, in accordance with Bye-laws 87(1) and 87(2) of the Company's Bye-laws, Mr Lau Ko Yuen, Tom and Mr Iain Ferguson Bruce retire by rotation at the forthcoming annual general meeting. All retiring directors, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

The term of office of the Non-Executive Director is the period from the date of appointment up to his retirement by rotation at least once every three years and in accordance with the Company's Bye-laws. Subject to the Company's Bye-laws, the maximum term of engagement of the Independent Non-Executive Directors is up to the conclusion of the third annual general meeting of the Company from the date of their appointment.

Directors' Service Contracts

None of the directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

董事

本公司於本年度及截至本報告日期之董事如下：

獨立非執行董事

趙雅各·*OBE·JP* (於二零零六年三月十七日
(主席) 獲委任)
李焯芬·*SBS·JP*
Iain Ferguson Bruce
詹伯樂·*OBE·JP* (於二零零六年三月十七日
(前主席) 辭任)

非執行董事

劉高原 (副主席)

執行董事

莫一帆 (於二零零六年六月一日
(行政總裁) 獲委任)
關治平 (於二零零六年六月一日
(營運總裁) 獲委任)
李漢潮
黃永灝·*JP* (於二零零六年四月三十日
(前董事總經理) 辭任)

根據本公司之公司細則第86(2)條，趙雅各先生、莫一帆先生及關治平先生於即將召開之股東週年大會上告退。另外，根據本公司之公司細則第87(1)及87(2)條，劉高原先生及Iain Ferguson Bruce先生於即將召開之股東週年大會上輪席告退。所有退任董事均合資格並願意於即將召開之股東週年大會上膺選連任。

非執行董事之任期由其獲委任當日開始，直至其須每三年最少一次及根據本公司之公司細則輪席退任為止。在符合本公司之公司細則之規定下，各獨立非執行董事之最長任期為由彼等獲委任起計至本公司舉行第三屆股東週年大會結束為止。

董事之服務合約

擬於即將召開之股東週年大會上膺選連任之董事，概無與本集團訂立任何不得於一年內被本集團終止而毋須作出賠償(法定賠償除外)之服務合約。

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

At 31 March 2006, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register of the Company required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in the Listing Rules were as follows:

(a) Interests and short positions in the shares, underlying shares and debentures of the Company

Name of director 董事姓名	Capacity 身份	Long position/ short position 好倉/淡倉	Number of shares of the Company held 所持本公司 股份數目	Number of underlying shares (in respect of the share options (unlisted equity derivatives) of the Company held 所持本公司 相關股份 (有關購股權 (未上市股本 衍生工具)) 數目	Approximate percentage of shareholding of the Company 佔本公司 股權之概約 百分比
Wong Wing Hoo, Billy 黃永灝	Beneficial owner 實益擁有人	Long position 好倉	-	3,000,000	0.52%
Lee Hon Chiu 李漢潮	Beneficial owner 實益擁有人	Long position 好倉	-	1,500,000	0.26%
Iain Ferguson Bruce	Beneficial owner 實益擁有人	Long position 好倉	600,219	-	0.10%

董事於股份、相關股份及債券之權益及淡倉

於二零零六年三月三十一日，本公司董事及主要行政人員於本公司或任何相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第十五部）之股份、相關股份及債券中持有根據證券及期貨條例第352條須存置於本公司登記冊內之權益及淡倉，或根據上市規則之上市公司董事進行證券交易之標準守則（「標準守則」）而須另行知會本公司及香港聯交所之權益及淡倉如下：

(a) 於本公司股份、相關股份及債券之權益及淡倉

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Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures (continued)

(b) Interests and short positions in the shares, underlying shares and debentures of PYI Corporation Limited ("PYI")

Name of director 董事姓名	Capacity 身份	Long position/ short position 好倉/淡倉	Number of shares of PYI held 所持PYI 股份數目	Number of underlying shares (in respect of the share options (unlisted equity derivatives)) of PYI held 所持PYI 相關股份 (有關購股權 (未上市股本 衍生工具)) 數目		Approximate percentage of shareholding of PYI 佔PYI 股權之概約 百分比
Lau Ko Yuen, Tom 劉高原	Beneficiary of trust 信託受益人	Long position 好倉	120,000	-		0.01%
Lau Ko Yuen, Tom 劉高原	Beneficial owner 實益擁有人	Long position 好倉	-	13,000,000		0.94%

PYI, the ultimate holding company of the Company, is an associated corporation, within the meaning of Part XV of the SFO, of the Company.

Save as disclosed above, at 31 March 2006, none of the directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as recorded in the register of the Company required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

董事於股份、相關股份及債券之權益及淡倉(續)

(b) 於保華集團有限公司(「PYI」)之股份、相關股份及債券之權益及淡倉

Name of director 董事姓名	Capacity 身份	Long position/ short position 好倉/淡倉	Number of shares of PYI held 所持PYI 股份數目	Number of underlying shares (in respect of the share options (unlisted equity derivatives)) of PYI held 所持PYI 相關股份 (有關購股權 (未上市股本 衍生工具)) 數目		Approximate percentage of shareholding of PYI 佔PYI 股權之概約 百分比
Lau Ko Yuen, Tom 劉高原	Beneficiary of trust 信託受益人	Long position 好倉	120,000	-		0.01%
Lau Ko Yuen, Tom 劉高原	Beneficial owner 實益擁有人	Long position 好倉	-	13,000,000		0.94%

本公司之最終控股公司PYI，為本公司之相聯法團(定義見證券及期貨條例第十五部)。

除上文所披露者外，於二零零六年三月三十一日，本公司董事或主要行政人員及彼等之聯繫人士概無於本公司或任何相聯法團(定義見證券及期貨條例第十五部)之股份、相關股份或債券中擁有根據證券及期貨條例第352條須存置於本公司登記冊內之任何權益或淡倉，或根據標準守則而須另行知會本公司及香港聯交所之權益或淡倉。

Directors' Rights to Acquire Shares or Debentures

(a) Share option scheme of the Company

Movements in the share options of the Company granted under the share option scheme of the Company adopted on 7 September 2005 to the directors of the Company during the year to subscribe for shares of the Company are as follows:

Name of director 董事姓名	Date of grant 授出日期	Vesting date 歸屬日期	Exercise period 行使期間	Exercise price 每股股份 行使價 HK\$ 港元	Number of shares of the Company to be issued upon exercise of the share options granted during the year and outstanding at 31.3.2006 因行使年內授出及 於二零零六年 三月三十一日 尚未行使之 購股權而將予發行 之本公司股份數目
Wong Wing Hoo, Billy 黃永灝	3.2.2006	3.2.2006	3.2.2006 – 6.9.2015	0.70	1,000,000
Wong Wing Hoo, Billy 黃永灝	3.2.2006	1.1.2007	1.1.2007 – 6.9.2015	0.85	1,000,000
Wong Wing Hoo, Billy 黃永灝	3.2.2006	1.1.2008	1.1.2008 – 6.9.2015	1.00	1,000,000
Lee Hon Chiu 李漢潮	3.2.2006	3.2.2006	3.2.2006 – 6.9.2015	0.70	500,000
Lee Hon Chiu 李漢潮	3.2.2006	1.1.2007	1.1.2007 – 6.9.2015	0.85	500,000
Lee Hon Chiu 李漢潮	3.2.2006	1.1.2008	1.1.2008 – 6.9.2015	1.00	500,000
					4,500,000

The closing price of the Company's shares on the trading day immediately before 3 February 2006, being the date of grant of share options, was HK\$0.70.

Particulars of share option scheme of the Company are set out in note 35 to the consolidated financial statements.

董事購買股份或債券之權利

(a) 本公司之購股權計劃

年內根據本公司於二零零五年九月七日採納之購股權計劃授予本公司董事之購股權以購買本公司股份之變動如下：

Exercise price 每股股份 行使價 HK\$ 港元	Number of shares of the Company to be issued upon exercise of the share options granted during the year and outstanding at 31.3.2006 因行使年內授出及 於二零零六年 三月三十一日 尚未行使之 購股權而將予發行 之本公司股份數目
0.70	1,000,000
0.85	1,000,000
1.00	1,000,000
0.70	500,000
0.85	500,000
1.00	500,000
	4,500,000

本公司股份於緊接二零零六年二月三日（即購股權授出日期）前之交易日之收市價為0.70港元。

本公司購股權計劃之詳情載於綜合財務報表附註35。

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Directors' Rights to Acquire Shares or Debentures (continued)

(b) Share option scheme of PYI

Movements in the share options of PYI granted under the share option scheme of PYI adopted on 27 August 2002 to a director of the Company during the year to subscribe for shares of PYI are as follows:

Name of director 董事姓名	Date of grant 授出日期	Exercise period 行使期間	Exercise price per share 每股股份行使價 HK\$ 港元	Number of shares of PYI to be issued upon exercise of the share options granted during the year ended 31.3.2005 and outstanding at 31.3.2005 and 31.3.2006 因行使於截至二零零五年 三月三十一日止年度 授出及於二零零五年 三月三十一日及 二零零六年三月三十一日 尚未行使之購股權而 將予發行之PYI股份數目
Lau Ko Yuen, Tom 劉高原	28.12.2004	28.12.2004 – 26.8.2012	1.24*	6,500,000
Lau Ko Yuen, Tom 劉高原	28.12.2004	28.12.2004 – 26.8.2012	1.50*	6,500,000
				13,000,000

* The exercise prices were reduced by HK\$0.70 per share pursuant to an ordinary resolution passed by the PYI's shareholders at the special general meeting of PYI held on 14 February 2006.

Particulars of share option scheme of PYI are set out in note 35 to the consolidated financial statements.

(c) New share award scheme of PYI

This new scheme adopted by PYI on 23 February 2006 allows PYI to make bonus payments to eligible persons (including employees, directors, consultants, advisers and agents of PYI and its subsidiaries) by way of PYI's shares acquired by and held through an independent trustee until fulfillment of conditions before vesting.

During the year, 120,000 shares of PYI were awarded to Mr. Lau Ko Yuen, Tom, a director of the Company, under the said new scheme. These PYI's shares, subject to a vesting period until 1 August 2006, are being held by the trustee, BOCI-Prudential Trustee Limited.

董事購買股份或債券之權利 (續)

(b) PYI之購股權計劃

年內根據PYI於二零零二年八月二十七日採納之購股權計劃授予本公司一位董事之PYI購股權以購買PYI股份之變動如下:

Exercise price per share 每股股份行使價 HK\$ 港元	Number of shares of PYI to be issued upon exercise of the share options granted during the year ended 31.3.2005 and outstanding at 31.3.2005 and 31.3.2006 因行使於截至二零零五年 三月三十一日止年度 授出及於二零零五年 三月三十一日及 二零零六年三月三十一日 尚未行使之購股權而 將予發行之PYI股份數目
1.24*	6,500,000
1.50*	6,500,000
	13,000,000

* 已根據於二零零六年二月十四日舉行之PYI股東特別大會上獲PYI股東通過之普通決議案將每股股份之行使價降低0.70港元。

PYI之購股權計劃詳情載於綜合財務報表附註35。

(c) 保華新股份獎勵計劃

根據PYI於二零零六年二月二十三日採納之新股份獎勵計劃，PYI可向合資格人士（包括PYI及其附屬公司之僱員、董事、諮詢人、顧問或代理）以PYI之股份的形式派發花紅，此等股份將由一名獨立受託人購入及持有直至歸屬條件達成為止。

年內已根據該新計劃向本公司董事劉高原先生之120,000股PYI之股份，該等股份由受託人中銀國際英國保誠信託有限公司所持有，直至二零零六年八月一日歸屬期為止。

Directors' Rights to Acquire Shares or Debentures (continued)

(d) New share financing plan of PYI

This new plan, adopted by PYI on 14 February 2006, allows eligible persons (including employees, directors, consultants, advisers and agents of PYI and its subsidiaries) to borrow funds from PYI to acquire new or old PYI's shares on a non-recourse basis with the subject shares pledged to PYI as security subject always to connected transaction and other relevant provisions under the Listing Rules.

During the year, no financing to directors of the Company has been provided by PYI and its subsidiaries under this plan.

Save as disclosed herein, at no time during the year was the Company or any of its subsidiaries or holding company or any subsidiaries of the Company's holding company a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities including debentures of, the Company or any other body corporate, and none of the directors, chief executives or their spouse or children under the age of 18, had any right to subscribe for securities of the Company, or had exercised any such rights during the year.

Directors' Interests in Competing Businesses

None of the directors of the Company is interested in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the businesses of the Group as at 31 March 2006.

The change in details of the directors' interests in competing businesses previously disclosed in the annual report of the Company for the year ended 31 March 2005 ("Annual Report 2005") is that Mr Lau Ko Yuen, Tom resigned as the Deputy Chairman of Downer EDI Limited on 2 November 2005. Downer EDI Limited and its subsidiaries had a competing business of construction business in Hong Kong as disclosed in the Annual Report 2005.

Directors' Interests in Contracts of Significance

Save as disclosed under the section headed "Connected Transactions" below, no contracts of significance to which the Company or any of its holding companies or fellow subsidiaries or subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

董事購買股份或債券之權利 (續)

(d) PYI新股份融資計劃

PYI於二零零六年二月十四日採納之新計劃容許合資格人士(包括PYI及其附屬公司之僱員、董事、諮詢人、顧問及代理人)向PYI借款以無追索基準收購PYI新舊股份，而此股份則質押予PYI作為抵押品，惟須符合上市規則項下有關關連交易及其他相關條文之規定。

年內，概無本公司董事根據此計劃獲PYI及其附屬公司提供融資。

除本文所披露者外，本公司或其任何附屬公司或控股公司，或本公司的控股公司的附屬公司，於年內任何時間概無參與訂立任何安排，以令本公司董事可藉購入本公司或任何其他實體機構之股份或債務證券(包括債券)而獲利，且董事、主要行政人員或彼等之配偶及未滿十八歲之子女概無權認購本公司證券，亦無於年內行使任何該等權利。

董事於構成競爭業務之權益

於二零零六年三月三十一日，如不計本集團業務，本公司董事於與本集團業務直接或間接構成競爭或可能構成競爭之任何業務中，概無被視為擁有任何權益。

與本公司於截至二零零五年三月三十一日止年度之年報(「二零零五年年報」)所披露董事於構成競爭業務之權益詳情之變動，乃劉高原先生於二零零五年十一月二日辭任Downer EDI Limited副主席一職。誠如二零零五年年報所披露，Downer EDI Limited及其附屬公司擁有競爭業務，為香港之建築業務。

董事於重大合約之權益

除下文「關連交易」一節披露者外，本公司各董事在本公司或其任何控股公司或同系附屬公司或附屬公司於本年度結算日或年內任何時間訂立之重要合約中概無直接或間接擁有重大權益。

Directors' Report

董事局報告書

Connected Transactions

During the year, the Group entered into certain transactions which constituted "continuing connected transactions" or "connected transactions" under the Listing Rules. Details of such transactions are as follows:

During the period from 1 April 2005 to 21 November 2005, the Group entered into the following transactions with an associate of PYI:

Name of party 公司名稱	Nature of transactions 交易性質	Amount 金額 HK\$'000 千港元
Paul Y. Building Management Limited ("PYBM") 保華物業管理有限公司(「PYBM」)	Construction works charged by the Group 本集團收取建築工程費	283

During the period from 1 April 2005 to 20 January 2006, the Group entered into the following transactions with certain associates of PYI:

Name of party 公司名稱	Nature of transactions 交易性質	Amount 金額 HK\$'000 千港元
Cycle Company Limited and Gunnell Properties Limited ("Cycle & Gunnell") 旋高有限公司及 Gunnell Properties Limited (「旋高及Gunnell」)	Rentals and related building management fee charged to the Group 本集團支付租金及 相關物業管理費	9,080

關連交易

年內，本集團進行之若干交易屬上市規則項下之「持續關連交易」或「關連交易」。有關交易之詳情如下：

於二零零五年四月一日至二零零五年十一月二十一日期間，本集團與PYI之若干聯營公司進行以下交易：

於二零零五年四月一日至二零零六年一月二十日
期間，本集團與PYI若干聯營公司進行以下交易：

PYBM and Cycle & Gunnell are associates, within the meaning of the Listing Rules, of PYI, a substantial shareholder of the Company, up to 21 November 2005 and 20 January 2006 respectively. Mr Lau Ko Yuen, Tom, a director of the Company, is also a director of PYI.

Pursuant to Rule 14A.38 of the Listing Rules, the board of directors of the Company engaged the auditors of the Company to perform certain agreed upon procedures in respect of the above continuing connected transactions of the Group to assist the independent non-executive directors of the Company to evaluate whether such transactions:

1. have received the approval of the board of directors of the Company;
2. were entered into in accordance with the pricing policies of the Group with reference to similar transactions with independent third parties;
3. have been entered into in accordance with the terms of the relevant agreement governing such transactions; and
4. have not exceeded the relevant cap amount for the year ended 31 March 2006 as set out in the circular of the Company dated 30 November 2004.

The auditors of the Company have reported their factual findings on these procedures to the board of directors of the Company. All independent non-executive directors of the Company reviewed the continuing connected transactions as set out above and the Auditors' Report and confirmed that such transactions have been entered into:

- (i) in the ordinary and usual course of the business of the Group;
- (ii) either on normal commercial terms or on terms no less favourable to the Company than terms available to or from independent third parties; and
- (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company.

PYBM及旋高及Gunnell分別為本公司主要股東PYI (按上市規則所界定)之聯營公司直至二零零五年十一月二十一日及二零零六年一月二十日為止。本公司董事劉高原先生亦為PYI之董事。

按上市規則第14A.38條之規定，董事局委聘本公司核數師就本集團上述之持續關連交易進行若干協定程序以協助本公司獨立非執行董事評估交易是否：

1. 已得到本公司董事局之批准；
2. 已按本集團之定價政策進行並參考與獨立第三方之類似交易；
3. 已按管限此等交易之相關協議條款進行；及
4. 不超於列載於本公司於二零零四年十一月三十日刊發之通函所載截至二零零六年三月三十一日止之年度之相關上限。

本公司核數師已將該等程序之調查結果向董事局報告。本公司全體獨立非執行董事已審閱上文載列之持續關連交易及核數師報告書並確認此等交易乃：

- (i) 於本集團日常及一般業務範圍內進行；
- (ii) 按正常商業條款，或不遜於本公司向獨立第三方提供或獲獨立第三方提供之條款進行；及
- (iii) 按規管有關交易之協議進行，其條款為公平合理，符合本公司股東之整體利益。

Directors' Report

董事局報告書

Interests and Short Positions of Substantial Shareholders/ Other Persons Recorded in the Register Kept Under Section 336 of the SFO

At 31 March 2006, so far as is known to the directors and the chief executives of the Company, the interests and short positions of the substantial shareholders/ other persons in the shares and underlying shares of the Company as recorded in the register of the Company required to be kept under Section 336 of the SFO were as follows:

(1) Interests and short positions of substantial shareholders in the shares and underlying shares of the Company

根據證券及期貨條例第336條保存之登記冊所記錄之主要股東／其他人士之權益及淡倉

於二零零六年三月三十一日，就本公司董事及主要行政人員所知，根據證券及期貨條例第336條保存之本公司登記冊所記錄之主要股東／其他人士於本公司之股份及相關股份之權益或淡倉如下：

(1) 主要股東於本公司股份及相關股份之權益及淡倉

Name of shareholder 股東姓名／名稱	Capacity 身份	Long position/ short position 好倉／淡倉	Number of shares of the Company held 所持本公司 股份數目	Number of underlying shares (in respect of the convertible note(s) (unlisted equity derivatives)) of the Company held 所持本公司 之相關股份 (有關可換股票據 (非上市股本 衍生工具)數目	Approximate percentage of shareholding of the Company 佔本公司股權之 概約百分比
PYI	Interest of controlled corporation (Note) 於受控制法團之權益 (附註)	Long position 好倉	375,826,317	–	64.58%
PYI	Beneficial owner (Note) 實益擁有人 (附註)	Long position 好倉	–	100,000,000	17.18%
PYI Treasury Group Limited ("PYIT")	Interest of controlled corporation (Note) 於受控制法團之權益 (附註)	Long position 好倉	375,826,317	–	64.58%
Growing Success Limited ("Growing Success")	Interest of controlled corporation (Note) 於受控制法團之權益 (附註)	Long position 好倉	375,826,317	–	64.58%
Paul Y. Investments Limited ("PYIL")	Beneficial owner (Note) 實益擁有人 (附註)	Long position 好倉	375,826,317	–	64.58%

Interests and Short Positions of Substantial Shareholders/ Other Persons Recorded in the Register Kept Under Section 336 of the SFO (continued)

(1) Interests and short positions of substantial shareholders in the shares and underlying shares of the Company (continued)

Note:

PYIL was a wholly-owned subsidiary of Growing Success which was in turn a wholly-owned subsidiary of PYIT. PYIT was a wholly-owned subsidiary of PYI. Growing Success, PYIT and PYI were deemed to be interested in the shares in the Company held by PYIL.

PYI and the Company entered into an agreement for the provision of an unsecured loan facility of a principal amount of up to HK\$100,000,000 to be made available by PYI to the Company pursuant to which convertible note(s) will be issued by the Company to PYI upon draw down of the facility in the principal amount of the facility drawn. Such convertible note(s) are convertible into shares of the Company at an initial conversion price of HK\$1.00 per share, up to a maximum aggregate principal amount of HK\$100,000,000.

(2) Interests and short positions of other persons in the shares and underlying shares of the Company

根據證券及期貨條例第336條保存之 登記冊所記錄之主要股東／其他人士 之權益及淡倉（續）

(1) 主要股東於本公司股份及相關股份之權益／ 淡倉（續）

附註：

PYIL 為 Growing Success 之全資附屬公司，而 Growing Success 則為 PYIT 之全資附屬公司。PYIT 為 PYI 之全資附屬公司。Growing Success、PYIT 及 PYI 被視為於 PYIL 持有之本公司股份中擁有權益。

PYI 與本公司訂有協議，據此，PYI 向本公司提供本金額最多達 100,000,000 港元之無抵押貸款融通，而本公司將於提供融通後向 PYI 發行本金額相等於所取用融通額之可換股票據。該等可換股票據可按初步換股價每股 1.00 港元轉換為本公司股份，本金總額最多達 100,000,000 港元。

(2) 其他人士於本公司股份及相關股份之權益／ 淡倉

Name of person 其他人士姓名／名稱	Capacity 身份	Long position/ short position 好倉／淡倉	Number of shares of the Company held 所持本公司 股份數目	Approximate percentage of shareholding of the Company 佔本公司股權之 概約百分比
Chelverton Dividend Income Fund	Investment manager 投資經理	Long position 好倉	35,004,000	6.01%
OZ Management, L.L.C. ("OZ Management")	Investment manager (note) 投資經理 (附註)	Long position 好倉	30,000,000	5.16%
OZ Master Fund, Ltd. ("OZ Master")	Beneficial owner (note) 實益擁有人 (附註)	Long position 好倉	29,185,000	5.01%

Note:

OZ Master, a wholly-owned subsidiary of OZ Management, owned 29,185,000 shares in the Company. OZ Management was deemed to be interested in the said 29,185,000 shares in the Company held by OZ Master and 815,000 shares in the Company held by its two direct wholly-owned subsidiaries.

Save as disclosed above, at 31 March 2006, the Company has not been notified of any interests or short positions in the shares and underlying shares of the Company as recorded in the register of the Company required to be kept under Section 336 of the SFO.

附註：

OZ Master (OZ Management 之全資附屬公司) 擁有 29,185,000 股本公司股份。OZ Management 被視為於上述由 OZ Master 持有之 29,185,000 股本公司股份及其兩間直接全資附屬公司持有之 815,000 股本公司股份中擁有權益。

除上文所披露者外，於二零零六年三月三十一日，根據證券及期貨條例第336條本公司須存置之登記冊所記錄，本公司概無獲知會有其他人士擁有本公司之股份及相關股份之權益或淡倉。

Directors' Report

董事局報告書

Retirement Benefit Schemes

Information on the Group's retirement benefit schemes is set out in note 39 to the consolidated financial statements.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's Bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Corporate Governance

The Company has complied with all code provisions and, where applicable, the recommended best practices of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the year ended 31 March 2006.

The Corporate Governance Report is set out on pages 24 to 33 of this annual report.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, the Company has maintained sufficient public float throughout the year ended 31 March 2006 as required under the Listing Rules.

Purchase, Sale or Redemption of the Company's Listed Securities

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Donations

During the year, the Group made charitable and other donations of approximately HK\$171,000.

退休福利計劃

本集團退休福利計劃之資料載列於綜合財務報表附註39。

優先購買權

本公司之公司細則或百慕達法例中並無股本優先購買權之條文，規定本公司須按持股比例向現有股東提呈發售新股。

企業管治

截至二零零六年三月三十一日止年度，本公司一直遵守上市規則附錄十四所載《企業管治常規守則》之所有守則條文及（如適用）推薦之最佳常規。

企業管治報告已載列於本年報第24至33頁。

足夠公眾持股量

根據本公司所得之公開資料及就本公司董事所知，本公司於截至二零零六年三月三十一日止年度一直維持上市規則所訂明的最低公眾持股量。

購買、出售或贖回本公司上市證券

年內，本公司或其任何附屬公司概無購買、出售或贖回本公司之上市證券。

捐款

本集團於本年度作出約171,000港元之慈善及其他捐款。

Auditors

Messrs. Deloitte Touche Tohmatsu have acted as auditors of the Company for the past three years. A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

James Chiu, *OBE, JP*
Chairman

Hong Kong, 7 July 2006

核數師

德勤•關黃陳方會計師行為本公司過去三年之核數師，本公司將於股東週年大會上提呈一項決議案續聘德勤•關黃陳方會計師行為本公司之核數師。

承董事局命

趙雅各，*OBE · JP*
主席

香港，二零零六年七月七日