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"Having achieved significant development milestones in both Yangkou Port and Nantong Port, PYI is now focusing on increasing critical mass in port operations along the Yangtze."

「保華於洋口港及南通港的發展已踏進新里程，集團現正致力拓展長江流域港口業務之發展規模。」

The six months ended 30 September 2007 were a period of strong performance for PYI Corporation Limited (the "Company" or "PYI") and its subsidiaries (together, the "Group").

保華集團有限公司(「本公司」或「保華」)及其附屬公司(統稱「本集團」)截至2007年9月30日止六個月之表現強勁。

Financial Highlights 財務摘要

Turnover	營業額	$2,548 million百萬元	+49%
Profit attributable to shareholders	股東應佔溢利	$312 million百萬元	+34%
Earnings per share	基本每股盈利	20.9 cents仙	+31%
Interim dividend per share	每股中期股息	1.5 cents仙	–
NAV per share	每股資產淨值	$2.09元	+20%

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

附註：
除另有指明外，本報告書內所有財務數字均以港元為單位。

Review of Financial Performance and Position

For the six months period under review, the Group recorded a consolidated turnover of about $2,548 million (2006: $1,706 million), representing an increase of about 49% when compared with that of last corresponding period. The increase was mainly attributable to the increase in the Group's business in management contracting.

The Group's gross profit increased by 40% to about $169 million (2006: $121 million) as compared with the corresponding period last year. Such gross profit represented a gross margin of 7% (2006: 7%) of the consolidated turnover. Profit before taxation of about $696 million was achieved as compared with about $254 million for the corresponding period last year. The Group's profit before taxation was composed of:

(i) net gain of about $49 million in management contracting and property development management businesses (2006: $33 million);
(ii) net loss of about $7 million in port and infrastructure development and logistics business (2006: Nil);
(iii) net loss of about $3 million in LPG distribution (2006: Nil);
(iv) net gain of about $36 million in treasury investment (2006: $75 million);
(v) net gain of about $1 million in property investment (2006: $1 million);
(vi) interest income and other income of about $37 million (2006: $23 million);
(vii) gain on disposal of interests in associates of about $4 million (2006: $5 million);
(viii) increase in fair value of investment properties of about $628 million (2006: Nil);
(ix) net gain of about $35 million (2006: $178 million) from associates and jointly controlled entities;
(x) net corporate and other expenses of about $61 million (2006: $54 million), of which $12 million (2006: $12 million) was attributed to share-based payment expense for share options granted; and
(xi) finance costs of about $23 million (2006: $7 million).

財務表現及狀況回顧

於回顧六個月期間，本集團錄得綜合營業額約25.48億元(2006：17.06億元)，較上一個期間同期數字上升約49%，此升幅主要由於本集團承建管理業務之收益增加。

與去年同期比較，本集團之毛利上升40%至約1.69億元(2006：1.21億元)，該毛利顯示毛利率約為綜合營業額之7%(2006：7%)。本集團之除稅前溢利約達6.96億元(去年同期則為2.54億元)。本集團之除稅前溢利包括：

(i) 承建管理、物業發展管理業務之收益淨額約4,900萬元(2006：3,300萬元)；
(ii) 港口及基建發展與物流業務之虧損淨額約700萬元(2006：無)；
(iii) 液化石油氣分銷虧損淨額約300萬元(2006：無)；
(iv) 庫務投資之收益淨額約3,600萬元(2006：7,500萬元)；
(v) 物業投資之收益淨額約100萬元(2006：100萬元)；
(vi) 利息收入及其他收入約3,700萬元(2006：2,300萬元)；
(vii) 出售聯營公司權益之收益約400萬元(2006：500萬元)；
(viii) 投資物業之公平價值增加約6.28億元(2006：無)；
(ix) 攤佔聯營公司及共同控制機構收益淨額約3,500萬元(2006：1.78億元)；
(x) 公司及其他開支之淨額約6,100萬元(2006：5,400萬元)，其中1,200萬元(2006：1,200萬元)來自就授出之購股權以股份支付款項之開支；及
(xi) 融資成本約2,300萬元(2006：700萬元)。

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Net profit for the period attributable to the shareholders of PYI was about $312 million (2006: $232 million) and basic earnings per share was 20.9 cents (2006: 16.0 cents). Such improvement was mainly due to the net gain in fair value appreciation, before minority interest, of about $365 million (comprising an increase in fair value of $628 million net of deferred tax charge of $263 million) on a parcel of 4.16 km^2 of formed and serviced land located in Yangkou Port that was reclassified as investment properties.

When compared with the Group's financial position as at 31 March 2007, total assets increased by 17% to about $8,949 million (31/3/2007: $7,621 million) and net current assets decreased by 69% to about $259 million (31/3/2007: $824 million). These changes were mainly attributable to the Group's further capital injection into developing projects of the port and infrastructure business. Consequently, current assets decreased from 1.3 times to 1.1 times of current liabilities. After accounting for the net profit of about $312 million net of dividends declared of about $22 million, equity attributable to shareholders of PYI increased by 13% to about $3,136 million, representing $2.09 per share as at 30 September 2007 (31/3/2007: $1.86 per share).

Net cash outflow from operating activities and investing activities were about $420 million, and net cash inflow from financing activities was about $375 million, resulting in a net decrease in available cash and cash equivalents of about $45 million for the period under review.

Review of Operations

Port and Infrastructure Development and Logistics

PYI has succeeded in expanding its scope of operations to the middle and upper reaches of the Yangtze River, and has in the process further consolidated its Yangtze Strategy.

Yangkou Port

The 1.4 km^2 man-made island was partially completed with 0.3 km^2 of land handed over to PetroChina in November 2007 for the building of its LNG facility. The surplus arising from this handover will be recognised in the second half of this year. The entire man-made island is scheduled for completion at the end of 2008. The construction of the Yellow Sea Crossing was also well under way during the period, and is scheduled for opening to traffic by the end of 2008.

保華股東應佔期間溢利淨額約為3.12億元(2006：2.32億元)，每股基本盈利為20.9仙(2006：16.0仙)。此增幅主要由於將洋口港一幅面積約4.16平方公里之已平整及有設施土地重新分類為投資物業而產生約3.65億元(由增加之公平價值6.28億元扣除遞延税項2.63億元構成)之公平價值升值(於少數股東權益前)之收益淨額。

與本集團於2007年3月31日之財政狀況相比，本集團之總資產增加約17%至約89.49億元(31/3/2007：76.21億元)，而流動資產淨值則減少69%至約2.59億元(31/3/2007：8.24億元)，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1.3倍減少至1.1倍。計及溢利淨額約3.12億元(扣除已宣派之股息約2,200萬元)後，保華股東應佔之權益增加13%至約31.36億元，折合於2007年9月30日每股2.09元(31/3/2007：每股1.86元)。

經營業務及投資活動之現金流出淨額約為4.2億元，而融資活動之現金流入淨額則約為3.75億元，導致期內現金及現金等值項目淨額減少約4,500萬元。

業務回顧

港口及基建發展與物流

保華成功擴展營運範圍至長江三角洲中上游，並正進一步鞏固其長江策略。

洋口港

面積1.4平方公里之人工島的部份工程已建成，面積0.3平方公里之土地已於2007年11月移交中石油，興建其液化天然氣設施，此項移交土地所產生之盈餘將於本年度下半年確認，而整個人工島預期於2008年年底建成。黃海大橋於期內之建設亦進行順利，並計劃於2008年年底通車。

Other plans related to the development of Yangkou Port also made good headway in the same period. The master plan for Yangkou Port passed assessment of the Transport Authorities and experts. Official approval was obtained from Customs Authorities for the formal incorporation of the development of Yangkou Port into the open port development plan under the 11^{th} Five-Year Plan.

With the planning for land use taking shape, the period under review saw the successful reclamation of about 10 km^2 of harbour-front land for industrial use and the commencement of preliminary work for reclamation of phases 2 and 3 for additional land of about 20 km^2. These two phases are scheduled for completion by the end of 2008. In addition, about 4.16 km^2 of our land bank, having reached the formed and serviced stage, obtained the certificate of completion of land reclamation. This parcel of formed and serviced land has been reclassified as investment properties and revalued and recognised at fair value. As at 30 September 2007, fair value of the 4.16 km^2 formed and serviced land was about $1 billion and a revaluation gain of $628 million net of relevant deferred tax charge of $263 million was recognised in the income statement.

During the six months period ended 30 September 2007, rental income on port facilities of RMB30 million was recorded which was derived from the rental agreement entered into between Rudong Government and our Yangkou Port subsidiary for non-exclusive access right of temporary bridge and land-side causeway of Yangkou Port for 2007 and 2008.

Associated highways, railway, canal and utility connections are being developed by others. With the materialization of all the above facilities and plans, Yangkou Port is poised to become a major deep-sea hub port in Eastern China specializing in raw materials, coal, petroleum and chemicals storage and trans-shipment as well as a large-scale petrochemical industrial and logistics zone.

In July 2007, our 75% owned Jiangsu YangKou Port Development & Investment Co., Ltd. successfully closed a 7-year syndicated project loan facility of RMB960 million with eight domestic banks led by the Industrial and Commercial Bank of China. The successful closure of the syndicated financing not only testified the commercial viability of the project but also cast a vote of confidence in the future prospects of Yangkou Port.

其他有關洋口港發展之計劃，亦於同期順利進行。洋口港之主要規劃，已通過交通部門及專家審批。本集團並獲得海關部門之官方批准，正式將洋口港發展納入第十一個五年計劃下之開放港口發展計劃。

土地使用規劃已見雛形，期內已將約10平方公里之臨港土地成功圍填作工業用途，而第二及第三期面積約20平方公里之額外土地之初步圍填工程亦已開始，此兩期工程預期於2008年年底完成。此外，土地儲備中約4.16平方公里已達至平整及有設施階段，並取得完成土地圍填之證書。此塊已平整及有設施之土地已重新分類為投資物業，並已按其公平價值重估及確認。於2007年9月30日，該幅佔地4.16平方公里之已平整及有設施土地之公平價值約為10億元，而相關重估收益6.28億元及遞延税項2.63億元已於收益表內確認。

於截至2007年9月30日止六個月期間，本集團錄得海港設施之租金收入人民幣3,000萬元，乃來自如東縣政府與本集團於洋口港之附屬公司，雙方就2007年及2008年棧橋及接岸引堤之非獨家使用權訂立之租金協議。

相關高速公路、鐵路、水道及水電設施接駁現由其他公司發展，憑藉上述所有設施及計劃相繼實踐，洋口港已作好準備，成為華東地區之主要深海樞紐港，主力為原材料、煤炭、石油及化學品提供倉儲及轉運服務，並成為大型石化工業及物流區。

2007年7月，本集團擁有75%權益之江蘇洋口港投資開發有限公司，成功與由中國工商銀行牽頭的八間內地銀行訂定一項為期七年之人民幣9.6億元銀團項目貸款。成功獲得銀團撥款，不僅證明了洋口港在商業方面大有作為，亦是對洋口港之未來前景投下信心一票。

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Nantong Port

Nantong Port contributed about $20 million (2006: Nil) to the Group's net profit for the period under review. It recorded a net profit of about $68 million (2006: $39 million) for the nine months ended 30 September 2007. Improvement in profitability was due to revenue growth as well as successful cost control measures. This improvement trend is expected to continue in the second half of this year.

Nantong Port recorded a total cargo throughput of 44 million tonnes in 2006, with an increase of 13% year-on-year. The growth momentum was maintained for the first six months of 2007, with total throughput increased by a further 39% to reach 28 million tonnes. Annual cargo throughput for this year is expected to exceed 50 million tonnes.

The Langshan Phase 3 iron ore terminal also went into commercial operation to become the most modernized trans-shipment hub terminal with the highest throughput capacity on the Yangtze River. Modernization and upgrading programs are underway in other terminals with a view to increasing capacity and enhancing profitability.

Other Ports

In July 2007, the Group signed a memorandum of understanding with Chongqing Port Logistics Group Limited to jointly develop bulk cargo port and logistics business in Chongqing. Both parties will cooperate in financing the Hongxigou bulk cargo terminals of Chongqing Port Logistics Group. A new logistics park will be developed in Chongqing to cope with future demand growth in Western China. The central port district in Chaotianmen will also be redeveloped into a tourist and commercial centre of Chongqing.

A memorandum of understanding was also signed with Yichang Port Group Limited in Hubei in June 2007 to set up a joint venture for the development and operation of bulk cargo and container terminals. Integrated logistics businesses will also be fostered in Yichang, a trans-shipment hub located near the Three Gorges Dam. The first expansion project will be Yunchi Terminal, an integrated port with an annual throughput capacity of 10 million tonnes.

南通港

南通港佔本集團期內溢利淨額約2,000萬元(2006：無）。截至2007年9月30日止九個月，南通港錄得溢利約6,800萬元(2006：3,900萬元）。由於收入增加及成本控制措施取得成效，盈利得以增長，此改善趨勢可望於本年度下半年持續。

2006年，南通港錄得貨物吞吐量達4,400萬噸，按年增加13%。2007年首六個月增長持續，總吞吐量再上升39%至2,800萬噸。預期全年貨物吞吐量將超過5,000萬噸。

狼山港第三期鐵礦碼頭亦開始其商業運營，成為長江流域最現代化、最高吞吐能力之中轉碼頭。其他碼頭現正進行現代化及改善工程，以提高生產力及增加盈利。

其他港口

2007年7月，本集團與重慶港務物流集團有限公司簽訂合作意向書，共同於重慶發展大宗散貨港口及物流業務。雙方將合作為重慶港務物流集團之紅溪溝大宗散貨碼頭進行融資，並在重慶建設新的物流園，配合華西地區未來之需求增長。位於朝天門之中央港區，亦將重新發展為重慶之旅遊及商業中心。

本集團亦於2007年6月與湖北之宜昌港口集團有限公司簽訂合作意向書，以成立聯營公司發展和營運大宗散貨及集裝箱碼頭。鄰近長江三峽大壩之運輸樞紐，亦將促進宜昌市之綜合物流業務。首個項目是位於雲池港，擴建一個年吞吐能力達1,000萬噸之綜合性碼頭。

Engineering Business – Paul Y. Engineering

Paul Y. Engineering and its subsidiaries (the "Paul Y. Engineering Group") achieved turnover of $2,214 million during the period under review, up 41% compared with the same period last year (2006: $1,571 million). It contributed about $49 million (2006: $33 million) to the Group's operating profit during the period and declared an interim dividend of 3.5 cents per share, or a pay out ratio of 48%.

During the period under review, Paul Y. Engineering Group secured new contracts totalling $484 million in aggregate value, representing three times of those secured during the same period last year. Subsequent to the period under review, the engineering business secured additional contracts worth $678 million.

Through a full range of engineering and property-related services and operations, and increased investments in property development, the Paul Y. Engineering Group aims at enhancing its service capabilities, expanding its client base and revenue sources to maximize profitability. With a wealth of technical expertise and resources at its disposal, Paul Y. Engineering Group makes a solid partner for PYI to capture future benefits from port-related property development.

LPG Distribution

The LPG distribution business, acquired by the Group in September 2006, recorded a slight operating loss of about $3 million (2006: Nil) for the period under review due to suppressed domestic oil price, which has recovered as a result of a nation-wide uplift in November 2007.

Headquartered in Wuhan, Minsheng Gas operates the largest LPG terminal and storage facility in Central China. Through its mature wholesale and retail network, Minsheng Gas has captured a 40% share of the Wuhan LPG market. The period under review witnessed steady growth for the automotive LPG sector while the residential LPG operations are being phased out.

工程業務－保華建業

於期內，保華建業及其附屬公司(「保華建業集團」)之營業額達至22.14億元，與去年同期比較上升41%（2006：15.71億元）。該業務佔本集團於期內之經營溢利約4,900萬元(2006：3,300萬元)，保華建業集團宣派每股3.5仙之中期股息，派息率為48%。

於期內，保華建業集團取得總值4.84億元之新合約，較去年同期增加3倍。回顧期後，工程業務取得額外合約價值6.78億元。

通過全面的工程和物業相關的服務與營運，及增加於物業發展的投資，保華建業集團致力透過加強服務質素，擴闊客戶網絡及收入來源，從而提升盈利能力。保華建業集團憑藉其本身豐富的技術專才及資源，與保華成為緊密夥伴發展港口有關的物業，從而得益。

液化石油氣分銷

於期內，本集團在2006年9月收購之液化石油氣分銷業務錄得輕微經營虧損約300萬元(2006：無)，因為國內油價受到抑壓，但於2007年11月全國性漲價後得以復元。

總部位於武漢之民生石油氣於華中地區經營最大型之液化石油氣碼頭及儲庫設施。透過其成熟之批發及零售網絡，民生石油氣已取得武漢液化石油氣市場之40%佔有率。於期內，汽車用液化石油氣業務有平穩增長，而家用液化石油氣業務正被逐漸淘汰。

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Property Development and Investment

Property investment contributed about $1 million (2006: $1 million) to operating profit for the period under review.

In tandem with the boom of Yangkou Port, Little Yangkou, a seaside economic district in the western part of Rudong County, was being developed into a holiday resort. The construction of the 200,000 m^2 Little Yangkou Country Club was well under way during the period. Wanhua Zijin Garden, a luxurious residential property development near Yangkou Port with a gross floor area of 65,000 m^2 is at the pre-sale phase. Partial completion and handover will lead to financial contributions in the second half of this financial year.

In Nantong, the Group is developing the Nantong International Trade Centre, a commercial and office complex tower covering a gross floor area of some 65,000 m^2. Development of this property is expected to be completed by middle of 2009.

It is envisaged that the Group will undertake more similar property development activities in the Yangkou Port area in association with its port facilities in the future.

Treasury Investment

The treasury investment business contributed about $36 million (2006: $75 million) towards operating profit during the period under review.

Total value of the Group's investment securities portfolio amounted to about $76 million as at 30 September 2007 (31/3/2007: $156 million), equivalent to about 1% of the Group's total assets (31/3/2007: 2%). Portfolio of high-yield loans receivable amounted to about $398 million (31/3/2007: $469 million) as at 30 September 2007, equivalent to about 4% (31/3/2007: 6%) of the total assets of the Group.

Major Subsequent Event

To further consolidate its significant position in the port business in the region, PYI announced in November 2007 that it was seeking a RMB1 billion mandate from its shareholders to participate in the public tendering process and/or exercise its pre-emption right for a 12.32% (or a pro rata portion of it if the other existing shareholder also does so) equity interest held by SDIC Communications Co. in Nantong Port Group Limited, currently a 45% associate company of PYI. If materialized, the acquisition will increase PYI's stake in Nantong Port Group to over 50%, thus making Nantong Port Group a PYI subsidiary. It will also constitute a major transaction of PYI under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A circular containing, inter alia, full details of the proposed acquisition will be despatched to shareholders on 17 December 2007. In addition, a special general meeting, convened for the purpose of obtaining from shareholders the necessary mandate to proceed with the acquisition, will be held on 4 January 2008.

物業發展及投資

於期內，約100萬元（2006：100萬元）之經營溢利來自物業投資業務。

隨著洋口港逐步發展，位於如東縣西部海傍經濟區之小洋口已發展為渡假勝地。佔地200,000平方米之小洋口鄉村俱樂部於期內發展順利。鄰近洋口港總建築面積達65,000平方米之高級住宅物業項目「萬華紫金花苑」，現已展開預售。隨着局部工程完成及部分交房，將在本財政年度下半年帶來收益。

於南通，本集團正發展一幢總建築面積約為65,000平方米的商業及辦公室綜合大樓「南通國際貿易中心」，物業預期於2009年年中落成。

本集團將在洋口港地區進行更多類似與港口設施相關的房產開發項目。

庫務投資

於期內，約3,600萬元（2006：7,500萬元）之經營溢利來自庫務投資業務。

於2007年9月30日，本集團之投資證券總值約達7,600萬元（31/3/2007：1.56億元），相當於本集團總資產1%（31/3/2007：2%）。於2007年9月30日，應收高息貸款組合約達3.98億元（31/3/2007：4.69億元），相當於本集團總資產約4%（31/3/2007：6%）。

重大結算日後事項

為進一步鞏固於區內港口業務之重要地位，保華於2007年11月公布將收購國投交通公司持有的南通港口集團有限公司（現為保華擁有45%之聯營公司）12.32%股權，故此敦請股東頒授一項人民幣10億元授權，以參與公開招標程式及／或行使優先購買權，以收購此12.32%股權（或如其他現有股東亦行使優先購買權，則按持股比例收購部份相關股權）。倘收購落實，保華持有南通港口集團之股權將增加至超過50%，南通港口集團將因而成為保華之附屬公司。根據《香港聯合交易所有限公司證券上市規則》，該收購事項亦構成保華一項主要交易，載有建議收購詳情之通函將於2007年12月17日寄發予股東。此外，股東特別大會將於2008年1月4日舉行，以就進行收購事項取得所需股東授權。

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 six years. In an effort to minimize the adverse impact of exchange rate and interest rate fluctuations on the Group's earnings, assets and liabilities, the Group continues to manage the fluctuation exposures on specific transactions.

As at 30 September 2007, the Group's total borrowings amounted to about $1,368 million (31/3/2007: $1,024 million) with $908 million (31/3/2007: $597 million) repayable within one year and $460 million (31/3/2007: $427 million) repayable after one year. Out of the Group's total borrowings of about $1,368 million as at 30 September 2007, about $177 million was non-recourse to the Group (excluding the Paul Y. Engineering Group).

As at 30 September 2007, $274 million (31/3/2007: $262 million) of the Group's borrowings bore interest at floating rates and were denominated in Hong Kong dollars, $743 million (31/3/2007: $600 million) bore interest at floating rates and were denominated in Renminbi, and $351 million (31/3/2007: $162 million) bore interest at a fixed rate and were denominated in Renminbi. The Group's gearing ratio was 0.44 (31/3/2007: 0.37), which is calculated based on the total borrowings of $1,368 million (31/3/2007: $1,024 million) and the Group's shareholders' fund of $3,136 million (31/3/2007: $2,772 million).

Cash balances at 30 September 2007 amounted to about $721 million (31/3/2007: $779 million), of which about $41 million (31/3/2007: $43 million) has been pledged to banks to secure general credit facilities granted to the Group. As at the period end, the Group has a net debt position (being cash balances net of bank borrowings) of $517 million (31/3/2007: $185 million).

During the current period, the Group issued a zero coupon, 3-year convertible note of $122 million at a conversion price of $4.25 per share. Redemption amount will be 114.167% of par value at maturity.

流動資金與資本來源

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，還款期為一至六年。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2007年9月30日，本集團借款共達約13.68億元(31/3/2007：10.24億元)，其中9.08億元(31/3/2007：5.97億元)須於一年內償還，另4.6億元(31/3/2007：4.27億元)須於一年後償還。本集團於2007年9月30日約13.68億元之總借貸中，約1.77億元對本集團(不包括保華建業集團)並無追索權。

於2007年9月30日，本集團借款中有2.74億元(31/3/2007：2.62億元)按浮動息率計息並以港元為單位，有7.43億元(31/3/2007：6億元)按浮動利率計息並以人民幣為單位，另有3.51億元(31/3/2007：1.62億元)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0.44(31/3/2007：0.37)，該項比率乃根據本集團13.68億元(31/3/2007：10.24億元)之總借款及31.36億元(31/3/2007：27.72億元)之股東資金計算。

現金結餘於2007年9月30日約達7.21億元(31/3/2007：7.79億元)，當中約4,100萬元(31/3/2007：4,300萬元)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，本集團處於淨負債狀況(即扣除銀行借貸後之現金結餘)5.17億元(31/3/2007：1.85億元)。

於本期間內，本集團以每股4.25元之兑換價發行為數1.22億元之零息三年期可換股票據。到期日時之贖回金額將為面值之114.167%。

Managing Director's Report
董事總經理報告書

In July 2007, the Group, through its 75% owned subsidiary Jiangsu YangKou Port Development and Investment Co., Ltd., entered into a 7-year project loan facility agreement for RMB960 million with a syndicate of eight domestic banks in the PRC. This syndicated loan, bearing the current Renminbi long-term loan benchmark interest rate as announced by the People's Bank of China, will be used to fund construction of the 13-km Yellow Sea Crossing and the 1.4 km^2 man-made island at Yangkou Port. As at 30 September 2007, the Group utilised the syndicated loan in an aggregate amount of RMB141 million.

Contingent Liabilities

As at 30 September 2007, the Group has contingent liabilities in respect of guarantee given to a bank for banking facilities given to an associate of about $9 million (31/3/2007: $9 million) which was non-recourse to the Group (excluding the Paul Y. Engineering Group).

Pledge of Assets

As at 30 September 2007, certain property, plant and equipment, land and sea use rights and bank deposits of the Group with an aggregate value of about $638 million (31/3/2007: $644 million) and benefits under certain construction contracts have been pledged to banks and financial institutions to secure general credit facilities granted to the Group. As at 30 September 2007, about $49 million (31/3/2007: $53 million) of these pledged assets were used to secure credit facilities which were non-recourse to the Group (excluding the Paul Y. Engineering Group).

Commitments

As at 30 September 2007, the Group has expenditure contracted for but not provided for in the consolidated financial statements in respect of acquisition of certain equity investment, property, plant and equipment, project under development and properties under development in the amount of about $1,234 million (31/3/2007: $1,520 million).

Number of Employees and Remuneration Policies

Including the directors of the Group, as at 30 September 2007, the Group employed about 2,000 full-time employees (31/3/2007: 1,927). Remuneration packages consisted of salary as well as performance-based and equity-based bonuses.

本集團於2007年7月，透過其擁有75%權益之江蘇洋口港投資開發有限公司與八間位於國內的銀行簽訂一項人民幣9.6億元，為期七年之項目貸款協議。此項銀團貸款(按中國人民銀行公布的同期人民幣長期貸款基準利率計息)，用作建設洋口港長達13公里的黃海大橋和面積1.4平方公里的人工島。截至2007年9月30日，本集團已動用銀團貸款當中合共人民幣1.41億元之款項。

或然負債

於2007年9月30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(31/3/2007：900萬元)之或然負債，其對本集團(不包括保華建業集團)並無追索權。

資產抵押

於2007年9月30日，本集團總值約6.38億元(31/3/2007：6.44億元)之若干物業、機械及設備、土地及海域使用權及銀行存款，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2007年9月30日，約4,900萬元(31/3/2007：5,300萬元)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2007年9月30日，本集團就收購若干股本投資、物業、機械及設備，發展中項目以及發展中物業有約12.34億元(31/3/2007：15.20億元)之已簽訂但並未於綜合財務報表撥備之開支。

僱員數目及薪酬政策

於2007年9月30日，本集團聘用約2,000名全職僱員(包括董事)(31/3/2007：1,927名僱員)。酬金包括薪金及與表現掛鈎之花紅及股份形式花紅。

Further, PYI has implemented three share-related incentive schemes to provide alternative means to motivate employees and promote their loyalty in line with the Group's strategy. Such schemes aim at providing incentives to motivate the Group's staff both in Hong Kong and the Mainland.

Interim Dividend

The Board has resolved to pay an interim dividend of 1.5 cents per share for the six months ended 30 September 2007 (2006: 1.5 cents per share) to shareholders whose names appear on the register of members of PYI as at the close of business on 18 January 2008. The interim dividend is expected to be paid to shareholders by post on or around 22 February 2008.

The interim dividend will be paid in the form of scrip, with an option to elect 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 the PYI shares for the three consecutive trading days ending 18 January 2008 less a discount of 5% to such average price. 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 16 January 2008 to 18 January 2008, both dates inclusive, during which period no transfer of share(s) of PYI will be affected. 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, Tricor Secretaries Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:00 p.m. on 15 January 2008.

Outlook

While the national GDP is expected to remain on the up trend, austerity program and control are set to cool down the economic growth. Under current policy to promote investment in infrastructure development, the port sector continues to be favorable. Expanding foreign trade will further contribute to the growth of the Mainland ports sector.

此外，保華已實行三項與股份相關之獎勵計劃，以配合集團策略，為推動員工努力工作及提高歸屬感提供更多選擇方案，該等計劃旨在同時為香港及中國內地之本集團員工給予激勵。

中期股息

董事局已議決向2008年1月18日辦公時間結束時名列保華股東名冊之股東，派付截至2007年9月30日止六個月每股1.5仙(2006：每股1.5仙)的中期股息。預期中期股息約於2008年2月22日以郵寄方式派付予股東。

中期股息將以代息股份形式派付，並附以選擇收取現金以代替全部或部份有關股息。根據以股代息建議將予發行之股份之市值，將參考保華股份於截至2008年1月18日止連續三個交易日之平均收市價減該平均價5%之折讓計算。以股代息建議須待香港聯合交易所有限公司批准將予發行之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2008年1月16日至2008年1月18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2008年1月15日下午4時前交回保華之香港股份過戶登記分處卓佳秘書商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

國民生產總值預期將持續增長，而緊縮措施及調控則為經濟增長降溫。於現時鼓勵投資基建發展之政策下，將持續對港口業有利。中國對外貿易蓬勃，將繼續帶動內地港口業增長。

Managing Director's Report
董事總經理報告書

With a firm foothold established in the Yangtze regional market, PYI will continue to leverage its capabilities to spearhead the consolidation and integration program along the Yangtze River.

Capitalizing on PYI's first-mover advantage in the region, the time is ripe for the Group to ride on its success in Nantong and increase its stake in Nantong Port Group Limited to over 50% by acquiring the 12.32% equity interest tendered by SDIC Communications Co. for bid. If successful, the acquisition will no doubt further strengthen PYI's position as a significant port developer and operator in the Yangtze River region.

PYI will continue to embark on the acquisition program on the Yangtze River with a view to increasing critical mass and building an integrated and efficient network. Development at Yangkou Port will also be accelerated to cope with market demand. PYI will endeavour to maintain a balanced and sustainable development strategy which will ensure sustainable future growth.

Yours faithfully,

Tom Lau
Deputy Chairman & Managing Director

Hong Kong, 14 December 2007

憑藉於長江流域市場之穩固基礎，保華將繼續發揮所長，擴大其於長江流域之綜合營運。

利用保華在區內之先行者優勢，本集團現正把握時機，順應在南通成功發展之優勢，收購國投交通公司所招標出售之12.32%股權，增持南通港口集團有限公司之股權達至50%以上。倘收購成功，將無疑進一步加強保華於長江地區作為主要港口開發及碼頭營運企業之地位。

保華展望做大做強及建立一個高效益之綜合網絡，將繼續擴展於長江之收購計劃，洋口港之發展亦將加速，以迎合市場需求。保華將努力維持均衡、長遠之發展策略，確保未來持續增長。

副主席兼董事總經理
劉高原
謹啟

香港，2007年12月14日