MANAGING DIRECTOR'S REPORT
總裁報告書

PYI remains committed to the long term potentials of the Yangtze Strategy. We have taken measured steps to extend our foothold to the middle reach of Yangtze River, in view to connect our ports and logistics network with the upstream and the rest of Yangtze, delivering a more complete bulk cargo network and sustainable returns.

保華將繼續實踐具有長線潛力的長江策略。我們向長江中游邁出謹慎之一步，使保華的港口及物流網絡與長江上游及其他區域得以接軌，形成更完善之大宗散貨網絡，並帶來持續性的回報。

DEAR SHAREHOLDERS,

I am pleased to report the performance of PYI Corporation Limited ("PYI" or the "Company") and its subsidiaries (together, the "Group") for the six months ended 30 September 2008.

各位股東：

本人欣然向　閣下報告保華集團有限公司（「保華」或「本公司」）及其附屬公司（統稱「本集團」）截至2008年9月30日止六個月之表現。

FINANCIAL HIGHLIGHTS 財務摘要

		9/2008	Change變動
Turnover	營業額	$2,790 million 百萬元	+15%
Gross profit	毛利	$169 million 百萬元	+5%
Profit attributable to shareholders	股東應佔溢利	$74 million 百萬元	–76%
EPS – Basic	基本每股盈利	4.9 cents 仙	–77%
Shareholders' funds	股東資金	$3,588 million 百萬元	+14%
NAV/S	每股資產淨值	$2.38 元	+14%

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 $2,790 million (2007: $2,432 million), representing an increase of about 15% 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 5% to about $169 million (2007: $161 million) as compared with the corresponding period last year. Such gross profit represented a gross margin of 6% (2007: 7%) of the consolidated turnover. Profit before taxation of about $280 million was achieved as compared with about $696 million for the corresponding period last year. The Group's profit before taxation was composed of:

(i) net gain of about $40 million in management contracting and property development management businesses (2007: $49 million);
(ii) net gain of about $5 million in port and infrastructure development and logistics business (2007: net loss of $6 million);
(iii) net gain of about $10 million in LPG distribution (2007: net loss of $3 million);
(iv) net gain of about $16 million in treasury investment (2007: $31 million);
(v) net gain of about $320 million in property investment (2007: $629 million);
(vi) net loss of about $4 million in property trading (2007: $0.1 million);
(vii) interest income and other income of about $17 million (2007: $41 million);
(viii) net gain of about $24 million (2007: $35 million) from share of results of associates and jointly controlled entities;
(ix) net loss in investments held for trading of about $35 million (2007: net gain of $5 million);
(x) net corporate and other expenses of about $75 million (2007: $61 million); and
(xi) finance costs of about $38 million (2007: $24 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27.90億元（2007：24.32億元），與上個期間同期數字比較上升約15%，此升幅主要由於本集團承建管理業務之收益增加所致。

與去年同期比較，本集團之毛利上升5%至約1.69億元（2007：1.61億元）。該毛利顯示毛利率約為綜合營業額之6%（2007：7%）。本集團之除税前溢利約達2.80億元（去年同期則為6.96億元）。本集團之除税前溢利包括：

(i) 承建管理、物業發展管理業務之收益淨額約4,000萬元（2007：4,900萬元）；
(ii) 港口及基建發展與物流業務之收益淨額約500萬元（2007：虧損淨額600萬元）；
(iii) 液化石油氣分銷收益淨額約1,000萬元（2007：虧損淨額300萬元）；
(iv) 庫務投資之收益淨額約1,600萬元（2007：3,100萬元）；
(v) 物業投資之收益淨額約3.2億元（2007：6.29億元）；
(vi) 物業買賣之虧損淨額約400萬元（2007：10萬元）；
(vii) 利息收入及其他收入約1,700萬元（2007：4,100萬元）；
(viii) 攤佔聯營公司及共同控制機構收益淨額約2,400萬元（2007：3,500萬元）；
(ix) 持作買賣投資之虧損淨額約3,500萬元（2007：收益淨額500萬元）；
(x) 公司及其他開支之淨額約7,500萬元（2007：6,100萬元）；及
(xi) 融資成本約3,800萬元（2007：2,400萬元）。

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Net profit for the period attributable to the shareholders of PYI was about $74 million (2007: $312 million) and basic earnings per share was 4.9 cents (2007: 20.9 cents). The performance was adversely affected by the set back in contribution from the Group's engineering arm - Paul Y. Engineering and its subsidiaries (the "Paul Y. Engineering Group"), as well as the reduction in profit contributed from the property investment in Yangkou Port, which only 1.95 sq km of land parcel was recognised as investment properties and revalued during the current period when compared with 4.16 sq km of land parcel of last corresponding period.

When compared with the Group's financial position as at 31 March 2008, total assets increased by 15% to about $11,895 million (31.3.2008: $10,361 million) and net current assets decreased by 47% to about $72 million (31.3.2008: $137 million). These changes were mainly attributable to the Group's further capital expenditure in Yangkou Port project. Consequently, current assets decreased from 1.04 times to 1.02 times of current liabilities. After accounting for the net profit of about $74 million net of dividends declared of about $13 million as well as surplus arising from Renminbi exchange translation of about $83 million, equity attributable to shareholders of PYI increased by 6% to about $3,588 million (31.3.2008: $3,377 million), representing $2.38 per share as at 30 September 2008 (31.3.2008: $2.24 per share).

Net cash outflow from operating activities was about $13 million and that from investing activities was about $324 million, and net cash inflow from financing activities was about $365 million, resulting in a net increase in available cash and cash equivalents of about $28 million for the period under review.

保華股東應佔期間溢利淨額約為7,400萬元(2007：3.12億元)，每股基本盈利為4.9仙(2007：20.9仙)。該表現乃受本集團之工程業務分部保華建業及其附屬公司(「保華建業集團」)盈利貢獻減少之影響，及與去年同期之4.16平方公里土地相比，本期間只有一幅位於洋口港約1.95平方公里土地獲確認為投資物業及獲重新評估價值，而得到之溢利貢獻減少所致。

與本集團於2008年3月31日之財政狀況相比，本集團之總資產增加約15%至約118.95億元(31.3.2008：103.61億元)，而流動資產淨值則減少47%至約7,200萬元(31.3.2008：1.37億元)，主要原因是本集團於洋口港項目之資本開支增加。因此，流動資產由相當於流動負債之1.04倍減少至1.02倍。計及溢利淨額約7,400萬元(扣除已宣派之股息約1,300萬元)及人民幣匯兑產生之盈餘約8,300萬元後，保華股東應佔之權益增加6%至約35.88億元(31.3.2008：33.77億元)，折合於2008年9月30日每股2.38元(31.3.2008：每股2.24元)。

經營業務之現金流出淨額約為1,300萬元，投資活動之現金流出淨額約為3.24億元，而融資活動之現金流入淨額則約為3.65億元，導致回顧期內現金及現金等值項目淨額增加約2,800萬元。

REVIEW OF OPERATIONS

Port and Infrastructure Development and Logistics

During the six months under review, PYI continues to take bold steps in implementing its Yangtze Strategy and embarked on the middle reach of Yangtze River.

Yangkou Port

Yangkou Port contributed about $18 million (2007: $7 million) to the Group's operating profit for the period under review. The income was derived from project management and access rights of infrastructure in Yangkou Port.

Yangkou Port declared soft-opened in late October 2008, with the Yellow Sea Crossing, the man-made island and a general cargo berth being substantially completed as well as the navigation channel declared opened.

In addition to the 4.16 sq km formed land brought forward from the preceding year, about 2.95 sq km of our 42 sq km land bank have reached the formed and serviced stage and obtained the certificate of completion of land reclamation as at 30 September 2008. About 1.95 sq km of this parcel of formed land has been reclassified as investment properties and revalued at fair value of about $422 million. Revaluation gain of $320 million and its relevant deferred tax charge of $144 million were recognised in the income statement. The remaining 1 sq km of the formed land is classified as stock of properties held for trading and carried at historical cost.

Embankment for the final 20 sq km industrial land bank has commenced, with 10 sq km scheduled for completion before the end of 2009. Highways, railway, canal and other connecting infrastructural and utility associated with Yangkou Port 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 logistic zone.

業務回顧

港口及基建發展與物流

於回顧之六個月內，保華繼續採取切實措施實行其長江策略，並已發展至長江中游。

洋口港

洋口港為本集團回顧期之經營溢利貢獻約1,800萬元（2007：700萬元）。收入來自項目管理及洋口港基建設施之使用權。

洋口港於2008年10月底宣佈初步通航，黃海大橋、人工島及一個重件碼頭大部分已屆完工，同時海運航道宣佈開通。

繼去年有4.16平方公里土地達至平整及可使用階段，於42平方公里之土地儲備中約2.95平方公里已達至平整及可使用階段，並於2008年9月30日已取得完成填海土地之證書。此幅1.95平方公里已平整土地獲重新分類為投資物業，並按公平價值重估約4.22億元。重估收益3.2億元及其相關遞延税項支出1.44億元已於收益表內確認。餘下1平方公里之已平整土地被分類為持有作買賣之物業存貨，並按歷史成本列賬。

佔地20平方公里之工業用土地儲備的圍墾工程已經開始，其中10平方公里土地預計將於2009年底前完成。與洋口港相關之高速公路、鐵路、水道及其他接駁基建及公用設施均由其他單位建設。

隨著上述所有設施及計劃之落實，洋口港已作好準備，成為華東地區專於原材料、煤炭、石油及化學品儲存及運輸之主要深海樞紐港口，以及大型石油化學品工業及物流區。

Nantong Port

Nantong Port contributed about $25 million (2007: $20 million) to the Group's net profit for the period under review. It recorded a net profit of about $70 million (2007: $68 million) for the nine months ended 30 September 2008. Improvement in profitability was due to revenue growth as well as successful cost control measures.

Bulk cargo throughput increased by 4% to 29 million tons in the first half of 2008 while container throughput grew by 13% to 210,000 TEUs. However, it is expected that the throughput of Nantong Port will follow the global downturn of economy and flatten in the second half of the year. Modernization and upgrading programs are underway with a view to increase capacity and enhance profitability.

In January 2008, at the special general meeting, shareholders granted a mandate for PYI to acquire up to 12.32% equity interest in Nantong Port Group held by SDIC Communications Co. There were no participants in two public auctions held in Beijing in July and October 2008. PYI has not been offered to exercise its pre-emption right either. Taking account of the current market situations, it would be highly unlikely for PYI to acquire such equity interests from the vendor.

Investment Opportunities in Other Ports on the Yangtze

In September 2008, PYI entered into an agreement to invest in Yichang Port Group Limited ("Yichang Port Group") by way of injection of new capital into Yichang Port Group, which represented a 51% equity interest in the share capital of Yichang Port Group as enlarged by the investment. The total sum payable by PYI under the agreement is about RMB149 million (equivalent to about $170 million). Subject to satisfaction of various conditions precedent, the completion of the transaction was expected to be in February 2009. Details of the transaction are set out in PYI's announcements dated 3 September 2008 and 2 December 2008, and PYI's circular dated 23 September 2008.

During the period, PYI has signed various memoranda of understanding for port and logistics investment opportunities along the Yangtze in Chongqing, Jiangying, Changzhou, Huzhou and Jiaxing. These opportunities progressed into different stage of negotiations in each respective location.

南通港

南通港佔本集團回顧期之溢利淨額貢獻約2,500萬元(2007：2,000萬元)。於截至2008年9月30日止九個月，南通港錄得溢利淨額約7,000萬元(2007：6,800萬元)。盈利能力之改善乃由於收益增長及成功之成本控制措施所致。

大宗散貨吞吐量於2008年上半年增加4%至2,900萬噸，而集裝箱吞吐量增長13%至210,000標準箱。然而，預期南通港之吞吐量將於下半年隨全球經濟低迷而下降。各個碼頭現正進行現代化及改造方案，務求增加貨運量及提高盈利能力。

於2008年1月，在股東特別大會上，股東向保華授予授權，收購國投交通公司於南通港口集團所持有之12.32%股本權益。而於2008年7月及10月北京舉行之兩次公開拍賣，並無參與者。保華亦未獲建議行使其優先購買權。鑒於目前之市場形勢，保華甚有可能不會向賣方收購該等股本權益。

長江流域內其他港口之投資機會

於2008年9月，保華簽訂協議，以注資方式向宜昌港務集團有限責任公司(「宜昌港務集團」)投資宜昌港務集團，注入之資本佔宜昌港務集團經投資擴大後股本權益之51%。根據該協議，保華應支付合共約人民幣1.49億元(相當於約1.7億元)。待若干前提條件得以符合後，預計該交易於2009年2月完成。該交易之詳情載於保華於2008年9月3日及2008年12月2日發表之公告及於2008年9月23日刊發之通函。

期內，就長江流域的重慶、江陰、常州、湖州及嘉興的港口及物流投資機會，保華已簽訂多份諒解備忘錄。而各地都處於不同的談判階段。

Engineering Business – Paul Y. Engineering

Paul Y. Engineering Group achieved turnover of $2,499 million (2007: $2,214 million) during the period, up 13% compared with the same period last year. It contributed about $40 million (2007: $49 million) to the Group's operating profit during the period.

During the period, Paul Y. Engineering Group secured new contracts totaling $2,765 million in aggregate value. Subsequent to the period under review, the engineering business secured additional contracts worth $241 million.

The growth momentum of Paul Y. Engineering Group during the period was constrained by the slowing of property sectors in Hong Kong, the Mainland, Macau and other markets, which have been substantially affected by the sub prime mortgage crisis in the United States and its ripples. With the launch of government's Ten Major Infrastructure projects plan of $250 billion in the next five years and a stable property market backed by low interest rate, as well as a healthy and stable labour market, it will revitalize the construction market in Hong Kong. Also, as PYI continues to capture opportunities from port-related property development, the wealth of experience and expertise in large-scale infrastructure projects possessed by Paul Y. Engineering Group will continue to be a solid partner of PYI.

LPG Distribution

Based in Wuhan, PYI's wholly-owned Minsheng Gas owns and operates the largest LPG terminal and storage facility in Central China. Through its mature wholesale and retail network, Minsheng Gas has captured a substantial share of the Wuhan LPG market for automotive consumption. The LPG distribution business achieved an operating gain of about $10 million (2007: loss of $3 million) for the period under review.

Profitability has restored and returned to positive margin since the uplift of nation-wide price regime approved by the Central Government during the period. As a responsible corporate citizen under the suppressed domestic oil price regime, Minsheng Gas switched to the lower cost domestic LPG in order to mitigate cost and losses were partly offset by the Government subsidy at times of negative margin.

工程業務－保華建業

保華建業集團於期內之營業額達24.99億元（2007：22.14億元），較去年同期增加13%。該業務佔本集團期內之經營溢利約4,000萬元（2007：4,900萬元）。

期內，保華建業集團獲得新工程合約總值27.65億元。於回顧期後，工程業務獲得額外合約價值2.41億元。

由於受美國次按危機及其連鎖反應之重大影響，香港、中國內地、澳門及其他市場之物業市場發展放緩，令保華建業集團於期內之增長受到限制。隨著香港政府推出未來五年2,500億元之十大基建項目，以及獲低利率支持的穩定物業市場，加上健康及穩定之勞工市場，香港建築市場將得以復甦。此外，由於保華繼續發掘與港口相關之物業發展商機，而保華建業集團在大型基建項目擁有豐富經驗及專業技能，保華建業集團將繼續為保華之實力夥伴。

液化石油氣分銷

保華全資擁有之民生石油總部設於武漢，擁有和經營華中地區最大型之液化氣碼頭及儲備設施。透過其成熟之批發及零售網絡，民生石油在武漢市已取得車用液化氣市場之主要份額。於回顧期內，液化石油氣分銷業務錄得經營收益約1,000萬元（2007：虧損300萬元）。

期內，中央政府批准提高全國成品油價格後，民生石油之盈利能力已恢復並達致正數。在內地受抑壓的油價體制下，作為一個負責任的公司法人，民生石油轉向成本較低的國產液化氣以減低成本，在負毛利期間獲得政府補貼以沖抵部份虧損。

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Property Investment and Trading

Property investment and property trading in aggregate contributed about $316 million (2007: $629 million) to operating profit for the period under review. The profit is mainly attributed to the gain in fair value of investment properties from the 1.95 sq km (2007: 4.16 sq km) formed land in Yangkou Port of $320 million (2007: $628 million).

Out of our 7.11 sq km land bank having reached the formed and serviced stage as at 30 September 2008, about 1 sq km has been classified as stock of properties held for trading at carrying cost.

Little Yangkou is situated at about 35 km west of Yangkou Port. Preliminary advance works was underway with a view to develop it as resort and amenity for the Yangkou industrial zone.

Wanhua Zijin Garden, a residential property development near Yangkou Port with a gross floor area of 65,000 sq m, is partial completed and sale contributions commenced in November 2008.

Nantong International Trade Center is a commercial and office tower with a gross floor area of some 80,000 sq m. The building was topped-out in November 2008 and is expected to be completed in 2009. Presale activities are underway.

Pioneer Technology Building is a commercial complex with gross floor area of some 20,000 sq m situated in Hangzhou, which is held as an investment property to derive rental income. Occupancy in the building is expected to be in excess of 80% by the end of 2009.

Treasury Investment

The Treasury investment business contributed about $16 million (2007: $31 million) towards operating profit for the period under review.

Portfolio of high-yield loans receivable amounted to about $353 million (31.3.2008: $340 million), equivalent to about 3% (31.3.2008: 3%) of the total assets of the Group.

物業投資及買賣

於回顧期內，物業投資及物業買賣合共帶來約3.16億元(2007：6.29億元)之經營溢利。溢利乃主要由於投資物業(即洋口港1.95平方公里(2007：4.16平方公里)之已平整土地)之公平值收益3.2億元(2007年：6.28億元)所致。

於2008年9月30日，土地儲備中7.11平方公里已達至已平整及可使用階段，約1平方公里被分類為持作買賣之物業存貨，並按賬面成本列賬。

小洋口位於洋口港以西約35公里。前期初步工作正在進行，擬將其建設成為洋口工業區的休閒渡假勝地。

鄰近洋口港之住宅物業萬華紫金花苑，總建築面積為65,000平方米，部分已完成，並於2008年11月開始帶來銷售收益。

南通國際貿易中心乃一幢商業及綜合辦公大樓，總建築面積約80,000平方米。該大樓於2008年11月封頂，預期於2009年竣工。預售活動現進行中。

先鋒科技大廈乃位於杭州之商業綜合大樓，總建築面積約20,000平方米，持作投資物業以取得租金收入。大樓使用率預期於2009年底將超過80%。

庫務投資

於回顧期間內，約1,600萬元(2007：3,100萬元)之經營溢利來自庫務投資業務。

應收高息貸款組合約達3.53億元(31.3.2008：3.40億元)，相當於本集團總資產約3%(31.3.2008：3%)。

MATERIAL ACQUISITION AND DISPOSAL

During the period, the Group did not have material acquisition and disposal of subsidiaries and associates.

MAJOR SUBSEQUENT EVENT

Since the balance sheet date and up to the date of this report, there is no major subsequent event.

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 2008, the Group's total borrowings amounted to about $2,483 million (31.3.2008: $2,046 million) with $1,118 million (31.3.2008: $959 million) repayable within one year and $1,365 million (31.3.2008: $1,087 million) repayable after one year. Out of the Group's total borrowings of about $2,483 million, about $275 million was non-recourse to the Group (excluding the Paul Y. Engineering Group).

As at 30 September 2008, $448 million (31.3.2008: $337 million) of the Group's borrowings bore interest at floating rates and were denominated in Hong Kong dollars, $125 million (31.3.2008: $121 million) bore interest at fixed rates and were denominated in Hong Kong dollars, $1,780 million (31.3.2008: $1,362 million) bore interest at floating rates and were denominated in Renminbi, and $130 million (31.3.2008: $226 million) bore interest at a fixed rate and were denominated in Renminbi. The Group's gearing ratio was 0.69 (31.3.2008: 0.61), which is calculated based on the total borrowings of $2,483 million (31.3.2008: $2,046 million) and the Group's shareholders' fund of $3,588 million (31.3.2008: $3,377 million).

重大收購及出售

期內，本集團無重大收購及出售附屬公司及聯營公司之事項。

重大結算日後事項

截至本報告書日止，於結算日後並無重大事項。

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，設有多項信貸以支持其所需之營運資金及資本開支承擔。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2008年9月30日，本集團借款共達約24.83億元（31.3.2008：20.46億元），其中11.18億元（31.3.2008：9.59億元）須於一年內償還，另13.65億元（31.3.2008：10.87億元）須於一年後償還。本集團約24.83億元之總借款中，約2.75億元對本集團（不包括保華建業集團）並無追索權。

於2008年9月30日，在本集團借款中，有4.48億元（31.3.2008：3.37億元）按浮動息率計息並以港元為單位，有1.25億元（31.3.2008：1.21億元）按固定利率計息並以港元為單位，有17.8億元（31.3.2008：13.62億元）按浮動利率計息並以人民幣為單位，另有1.3億元（31.3.2008：2.26億元）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0.69（31.3.2008：0.61），該項比率乃根據本集團24.83億元（31.3.2008：20.46億元）之總借款及35.88億元（31.3.2008：33.77億元）之股東資金計算。

Cash balances at 30 September 2008 amounted to about $745 million (31.3.2008: $636 million), of which about $113 million (31.3.2008: $34 million) has been pledged to banks to secure general credit facilities granted to the Group. As at 30 September 2008, the Group has a net debt position (being cash balances net of bank borrowings) of $1,436 million (31.3.2008: $1,143 million).

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 Nanjing, the PRC. This syndicated loan, bearing the current Renminbi long-term loan benchmark interest rate as announced by the People's Bank of China, has been used to fund construction of the 13 km Yellow Sea Crossing and the 1.4 sq km man-made island at Yangkou Port. As at 30 September 2008, the Group utilised the syndicated loan in an aggregate amount of RMB850 million.

CONTINGENT LIABILITIES

As at 30 September 2008, the Group has contingent liabilities in respect of guarantee given to a bank for banking facilities given to an associate of about $12 million (31.3.2008: $10 million) which was non-recourse to the Group (excluding the Paul Y. Engineering Group).

PLEDGE OF ASSETS

As at 30 September 2008, certain property, plant and equipment, land and sea use rights, investment properties, properties under development, stock of properties and bank deposits of the Group with an aggregate value of about $1,085 million (31.3.2008: $916 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 2008, about $46 million (31.3.2008: $43 million) of these pledged assets were used to secure credit facilities which were non-recourse to the Group (excluding the Paul Y. Engineering Group).

於2008年9月30日之現金結餘約為7.45億元(31.3.2008：6.36億元)，當中約1.13億元(31.3.2008：3,400萬元)已抵押予銀行以取得本集團所獲給予之一般信貸融資。於2008年9月30日，本集團處於淨負債(即扣除銀行借款後之現金結餘)14.36億元(31.3.2008：11.43億元)。

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由中國工商銀行牽頭的八間位於中國南京市之本地銀行簽訂一項人民幣9.6億元，為期七年之項目貸款協議。該項銀團貸款之利率為中國人民銀行公告的同期人民幣長期貸款基準利率，用作建設洋口港長達13公里的黃海大橋和面積1.4平方公里的人工島基礎設施。於2008年9月30日，本集團已動用銀團貸款當中合共人民幣8.5億元之款項。

或然負債

於2008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1,200萬元(31.3.2008：1,000萬元)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2008年9月30日，本集團總值約10.85億元(31.3.2008：9.16億元)之若干物業、廠房及設備、土地及海域使用權、投資物業、發展中物業、物業存貨及銀行存款，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2008年9月30日，約4,600萬元(31.3.2008：4,300萬元)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。

COMMITMENTS

As at 30 September 2008, the Group has expenditure contracted for but not provided for in the consolidated financial statements in respect of acquisition of certain property, plant and equipment, project under development, properties under development and equity investments in the amount of about $726 million (31.3.2008: $1,155 million).

NUMBER OF EMPLOYEES AND REMUNERATION POLICIES

Including the directors of the Group, as at 30 September 2008, the Group employed a total of 2,087 full time employees (31.3.2008: 2,054). Remuneration packages consisted of salary as well as performance-based and equity-based bonuses.

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 benefited the Group's staff both in Hong Kong and the Mainland.

INTERIM DIVIDEND

The board of directors of PYI has resolved that in view of the recent deteriorating global economy, it is prudent for PYI to retain an appropriate level of funds for any potential business opportunities as and when they arise, and therefore does not recommend payment of an interim dividend for the six months ended 30 September 2008 (2007: 1.5 cents per share).

OUTLOOK

The global financial meltdown has certainly impacted upon the international trade and hence the economic growth in China. Shipping and logistics sectors along the Yangtze River could not be immune from such effect. It is expected that the RMB4 trillion Stimulus Program will induce major infrastructure spending along the Yangtze River and in the coastal region of the Yangtze Delta. China is set to launch numerous social and economic programs with a view to maintain economic growth momentum through induced expansion in domestic demands.

承擔

於2008年9月30日，本集團就收購若干物業、廠房及設備、發展中項目、發展中物業及股本投資有約7.26億元（31.3.2008：11.55億元）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2008年9月30日，本集團聘用2,087名全職僱員（包括本集團之董事）（31.3.2008：2,054 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。

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，該等計劃使香港及中國內地之本集團員工同時受惠。

中期股息

董事局決定，鑒於近期全球經濟低迷，保華保留適當水平之資金以便用於日後任何潛在業務發展機會乃審慎之舉，因此不建議派發截至2008年9月30日止六個月之中期股息（2007：每股1.5仙）。

展望

全球金融動盪無疑沖擊國際貿易，繼而影響中國之經濟增長。長江沿岸之運輸及物流業亦難以避免受其影響。預期總值人民幣4萬億元的刺激經濟方案將加大長江沿岸及長三角沿岸地區之主要基建開支。中國訂定推出多項社會及經濟政策措施，以透過擴大內需維持經濟增長動力。

MANAGING DIRECTOR'S REPORT
總裁報告書

PYI remains committed to the long term potentials of the Yangtze Strategy. There will be structural adjustments to the composition of our current port investments made in line with our financial capacity. That may lead to partial divestment of some existing port investments. Increase in financial liquidity will be a key short term focus. During the period under review, PYI has taken measured steps to extend its foothold to the middle reach of Yangtze River by agreeing to acquire 51% stake in Yichang Port – one of the eight largest ports on the Yangtze River. Such earning accretive investment will connect our ports and logistics network with the upstream and the rest of Yangtze, delivering a more complete bulk cargo network and sustainable returns.

Facing such high uncertainty and trying time, PYI remains confident in meeting the challenges in delivering our Yangtze Strategy as well as enhancing our shareholders' value.

Yours faithfully,

Lau Ko Yuen, Tom
Managing Director

Hong Kong, 12 December 2008

保華將繼續實踐具有長線潛力的長江策略。本集團將對當前港口投資之組合作出結構性調整，以配合本集團之財務能力。此舉可能導致若干現有港口投資之部份被分拆。近期主要焦點是增加流動資金。於回顧期內，保華透過收購長江流域八大港口之一的宜昌港51%之股權，向長江中游邁出謹慎之一步。是項積極投資將使我們港口及物流網絡與長江上游及其他區域得以接軌，形成更完善之大宗散貨網絡，並帶來持續性的回報。

在此難以預料及充滿挑戰的時期，保華將保持信心迎接長江策略所帶來之挑戰，同時致力提升股東價值。

總裁
劉高原
謹啟

香港，2008年12月12日