

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 2010.

PRINCIPAL ACTIVITIES

The Company is an investment holding company.

The activities of its principal subsidiaries, associates and jointly controlled entity at 31 March 2010 are set out in note 45 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group and appropriations of the Company for the year ended 31 March 2010 are set out in the consolidated income statement on page 61 of the annual report and in the accompanying notes to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2010, the five largest customers and the single largest customer of the Group accounted for approximately 67% and 30% 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 2010.

LIQUIDITY AND CAPITAL RESOURCES

The Group currently maintains a variety of credit facilities to meet its working capital requirements. At 31 March 2010, the Group's total bank borrowings amounted to approximately HK\$322,374,000 with approximately HK\$317,402,000 repayable within one year, approximately HK\$3,679,000 repayable between one to two years and approximately HK\$1,293,000 repayable between two to five years. Cash, bank balances and deposits at 31 March 2010 amounted to approximately HK\$322,585,000. The Group's current ratio was approximately 1.12 and the Group's total bank borrowings to equity ratio was approximately 0.56 at 31 March 2010.

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」)截至二零一零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二零一零年三月三十一日之業務載列於綜合財務報表附註45。

業績及利潤分配

本集團截至二零一零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61頁綜合收益表，以及綜合財務報表附註。

主要客戶及供應商

截至二零一零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67%及30%。年內，本集團五大供應商合佔本集團之購貨量不足30%。

據董事所知，概無董事、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)或就董事所知擁有本公司股本超過5%之股東在截至二零一零年三月三十一日止年度內於本集團五大客戶擁有任何股權權益。

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。於二零一零年三月三十一日，本集團銀行借款共達約322,374,000港元，其中約317,402,000港元須於一年內償還，約3,679,000港元須於一至兩年內償還，約1,293,000港元須於二至五年內償還。於二零一零年三月三十一日之現金、銀行結餘及存款約為322,585,000港元。於二零一零年三月三十一日，本集團之流動比率約為1.12，而本集團之總銀行借貸對權益比率約為0.56。

Directors' Report

董事局報告書

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group spent approximately HK\$38,498,000 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 14 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 32 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 33 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 31 March 2010 comprised the retained profits of HK\$54,942,000 (2009: HK\$60,793,000).

物業、機械及設備

年內，本集團之物業、機械及設備開支約為38,498,000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14。

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32。

購股權

年內，本公司及其控股公司之購股權計劃之資料及購股權變動詳情載列於綜合財務報表附註33。

本公司之可供分派儲備

於二零一零年三月三十一日，本公司可供分派予股東之儲備包括保留溢利54,942,000港元（二零零九年：60,793,000港元）。

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 (Chairman)

Lee Chack Fan, SBS, JP

Iain Ferguson Bruce

Non-Executive Director

Lau Ko Yuen, Tom (Deputy Chairman)

Executive Directors

Chan Fut Yan (appointed on 31 May 2010)
(Deputy Chairman)

Wong Kam Cheong, Stanley
(Chief Executive Officer)

Cheung Lee Ming, Andy (resigned on 19 June 2010)
(Chief Financial Officer)

In accordance with Bye-law 86(2) of the Company's Bye-laws, Mr Chan Fut Yan retires 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.

Non-executive directors are appointed for a specific term of approximately three years, and they are subject to retirement by rotation under the Company's Bye-laws.

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 (主席)

李焯芬, SBS, JP

布魯士

非執行董事

劉高原 (副主席)

執行董事

陳佛恩 (副主席) (於二零一零年
五月三十一日獲委任)

黃錦昌 (行政總裁)

張利民 (財務總裁) (於二零一零年
六月十九日辭任)

根據本公司之公司細則第86(2)條，陳佛恩先生於即將召開之股東大會上告退。此外，根據本公司之公司細則第87(1)及87(2)條，劉高原先生及布魯士先生於即將召開之股東大會上輪席告退。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，直至其須約每三年最少一次，及根據本公司之公司細則輪席退任為止。

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' Report

董事局報告書

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 31 March 2010, 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 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 in shares and underlying shares of the Company

Name of director 董事姓名	Capacity 身份	Long position 好倉	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
Iain Ferguson Bruce 布魯士	Beneficial owner 實益擁有人	Long position 好倉	795,387	0.13%

(b) Interests in shares and underlying shares of PYI Corporation Limited ("PYI")

Name of director 董事姓名	Capacity 身份	Long position 好倉	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(非上市股本衍生工具))數目	Total 總計	Approximate percentage of shareholding of PYI 佔PYI股權之概約百分比
Lau Ko Yuen, Tom 劉高原	Beneficial owner 實益擁有人	Long position 好倉	14,237,475	47,883,332 (Note i) (附註i)	62,120,807	1.37%
Lau Ko Yuen, Tom 劉高原	Family interest and Interest of controlled corporation 家族權益及於受控制法團之權益	Long position 好倉	146,863,544 (Note ii) (附註ii)	-	146,863,544	3.24%
Cheung Lee Ming, Andy (Note iii) 張利民(附註iii)	Beneficial owner 實益擁有人	Long position 好倉	-	1,416,666 (Note iv) (附註iv)	1,416,666	0.03%

董事於股份、相關股份及債券之權益及淡倉

於二零一零年三月三十一日，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) 於本公司股份及相關股份之權益

(b) 於保華集團有限公司(「PYI」)之股份及相關股份之權益

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (continued)

(b) Interests in shares and underlying shares of PYI Corporation Limited ("PYI") (continued)

Notes:

- (i) The share options were granted to Mr Lau Ko Yuen, Tom under the share option scheme of PYI adopted on 27 August 2002 ("PYI Share Option Scheme"). The said share options comprised:
 - (a) 36,833,332 options granted to him on 28 December 2004 which entitle him to subscribe for a total of 36,833,332 shares upon exercise at the exercise prices of HK\$0.43762 (as to 18,416,666 options) and HK\$0.52940 (as to 18,416,666 options) per share exercisable during the period from 28 December 2004 to 26 August 2012; and
 - (b) 11,050,000 options granted to him on 18 September 2007 which entitle him to subscribe for 11,050,000 shares upon exercise at an exercise price of HK\$1.25151 per share exercisable during the period from 18 September 2009 to 17 September 2010.
- (ii) Such interests are indirectly held by a company which is equally owned by Mr Lau Ko Yuen, Tom and his wife.
- (iii) Resigned as director of the Company on 19 June 2010.
- (iv) The share options were granted to Mr Cheung Lee Ming, Andy on 3 June 2008 under the PYI Share Option Scheme and entitle him to subscribe for 1,416,666 shares upon exercise at an exercise price of HK\$0.88232 per share exercisable during the period from 3 June 2009 to 2 June 2010.

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 2010, none of the directors or chief executives of the Company had any interest 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」) 之股份及相關股份之權益 (續)

附註：

- (i) 該等購股權乃根據PYI於二零零二年八月二十七日採納之購股權計劃 (「PYI購股權計劃」) 授予劉高原先生。上述購股權包括：
 - (a) 36,833,332份於二零零四年十二月二十八日授予彼之購股權，授權彼認購共36,833,332股股份，可於二零零四年十二月二十八日至二零一二年八月二十六日期間按行使價每股0.43762港元 (其中18,416,666份購股權) 及0.52940港元 (其中18,416,666份購股權) 行使；及
 - (b) 11,050,000份於二零零七年九月十八日授予彼之購股權，授權彼認購共11,050,000股股份，行使價為每股1.25151港元，可於二零零九年九月十八日至二零一零年九月十七日期間行使。
- (ii) 該等權益乃由劉高原先生及其妻子持有同等權益之公司間接持有。
- (iii) 於二零一零年六月十九日辭任本公司董事。
- (iv) 該等購股權乃根據PYI購股權計劃於二零零八年六月三日授予張利民先生，並授權彼認購合共1,416,666股股份，行使價為每股0.88232港元，可於二零零九年六月三日至二零一零年六月二日期間行使。

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，於二零一零年三月三十一日，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' Report

董事局報告書

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

(a) The Company

i) Share option scheme

Details of movements in the share options of the Company granted under the share option scheme of the Company adopted on 7 September 2005 during the year are as follows:

Name/Capacity of eligible person	Date of grant	Vesting date	Exercise period	Exercise price per share	Number of shares of the Company to be issued upon exercise of the share options		
					Outstanding at 1.4.2009	Lapsed during the year	Outstanding at 31.3.2010
合資格人士姓名/身份	授出日期	歸屬日期	行使期	每股行使價 HK\$ 港元	於二零零九年四月一日尚未行使	年內失效	於二零一零年三月三十一日尚未行使
Director 董事							
James Chiu 趙雅各	8.6.2007	1.7.2007	1.7.2007 - 30.6.2009	1.36	500,000	(500,000)	-
Lau Ko Yuen, Tom 劉高原	8.6.2007	1.7.2007	1.7.2007 - 30.6.2009	1.36	500,000	(500,000)	-
Lee Chack Fan 李焯芬	8.6.2007	1.7.2007	1.7.2007 - 30.6.2009	1.36	500,000	(500,000)	-
Iain Ferguson Bruce 布魯士	8.6.2007	1.7.2007	1.7.2007 - 30.6.2009	1.36	500,000	(500,000)	-
Other participants 其他參與者	30.5.2007 28.12.2007	1.7.2008 1.6.2008	1.7.2008 - 30.6.2009 1.6.2008 - 31.5.2009	1.34 1.40	600,000 1,000,000	(600,000) (1,000,000)	- -
					3,600,000	(3,600,000)	-

No share options of the Company were granted, exercised or cancelled during the year.

Particular of share option scheme of the Company are set out in note 33 to the consolidated financial statements.

購入股份或債權證之安排

(a) 本公司

i) 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出之本公司購股權之變動如下：

年內概無已授出、已行使或已註銷之本公司購股權。

本公司購股權計劃詳情載於綜合財務報表附註33。

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES (continued)

(a) The Company (continued)

ii) Share award scheme

This scheme, which was adopted by the Company on 6 September 2006, allows the Company to make bonus payments to eligible persons (including employees, directors, consultants, advisers and agents of the Group) by way of the Company's shares acquired by and held through an independent trustee until fulfilment of specified conditions before vesting.

None of the directors of the Company were awarded any of the Company's shares under this share award scheme during the year or at 31 March 2010.

iii) Share financing plan

This plan, which was adopted by the Company on 6 September 2006, allows eligible persons (including employees, directors, consultants, advisers and agents of the Group) to borrow funds from the Company or from a company within the Group to acquire new or old shares of the Company on a non-recourse basis with the subject shares pledged to the Company as security subject always to connected transaction and other relevant provisions under the Listing Rules.

None of the directors of the Company acquired any of the Company's shares under this share financing plan during the year or at 31 March 2010.

購入股份或債權證之安排(續)

(a) 本公司(續)

ii) 股份獎勵計劃

根據本公司於二零零六年九月六日採納之股份獎勵計劃，本公司可向合資格人士(包括本集團之僱員、董事、顧問、諮詢人及代理人)以本公司之股份之形式派發花紅，此等股份將由一名獨立受託人購入及持有，直至指定的歸屬條件達成為止。

年內或於二零一零年三月三十一日，概無本公司董事根據此股份獎勵計劃獲授任何本公司股份。

iii) 股份融資計劃

本公司於二零零六年九月六日採納之計劃容許合資格人士(包括本集團之僱員、董事、顧問、諮詢人及代理人)向本公司或本集團內一間公司借款以無追索權基準購買本公司新或舊股份，而此等股份則質押予本公司作為抵押品，惟須符合上市規則有關關連交易及其他相關條文之規定。

年內或於二零一零年三月三十一日，概無本公司董事根據此股份融資計劃購買任何本公司股份。

Directors' Report

董事局報告書

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES (continued)

(b) PYI

i) Share option scheme

Details of movements in the share options of PYI granted under the share option scheme of PYI adopted on 27 August 2002 to a director and a former director of the Company during the year are as follows:

Name of director/ former director	Date of grant	Vesting date	Exercise period	Exercise price per share	Note	Number of shares of PYI to be issued upon exercise of the share options 因行使購股權而將予發行之PYI股份數目			
						Outstanding at 1.4.2009 於二零零九年 四月一日 尚未行使	Adjusted during the year 年內調整 (Note 2) (附註2)	Lapsed during the year 年內失效	Outstanding at 31.3.2010 於二零一零年 三月三十一日 尚未行使
Lau Ko Yuen, Tom	28.12.2004	28.12.2004	28.12.2004 to 26.8.2012	0.43762	1	7,583,333	10,833,333	-	18,416,666
劉高原	8.9.2006	8.9.2008	8.9.2008 to 7.9.2009	0.87528	1	5,366,667	7,666,667	(13,033,334)	-
	18.9.2007	18.9.2008	18.9.2008 to 17.9.2009	1.25151	1	4,550,000	6,500,000	(11,050,000)	-
	18.9.2007	18.9.2009	18.9.2009 to 17.9.2010	1.25151	1	4,550,000	6,500,000	-	11,050,000
	3.6.2008	3.6.2008	3.6.2008 to 2.6.2009	1.71420		3,931,667	-	(3,931,667)	-
Cheung Lee Ming, Andy (Note 3)	3.6.2008	3.6.2008	3.6.2008 to 2.6.2009	1.71420		583,333	-	(583,333)	-
張利民(附註3)	3.6.2008	3.6.2009	3.6.2009 to 2.6.2010	0.88232	1	583,333	833,333	-	1,416,666
						34,731,666	43,166,666	(28,598,334)	49,299,998

Notes:

- The range of exercise prices of the share options have been adjusted from HK\$1.0628 and HK\$3.0394 per share to HK\$0.43762 and HK\$1.25151 per share as a result of the rights issue.
- The number of share options has been adjusted as a result of the rights issue.
- Resigned as director of the Company on 19 June 2010.

No share options of PYI were granted to directors of the Company, and no share options of PYI granted to the above directors of the Company were cancelled or exercised, during the year.

Particulars of share option scheme of PYI are set out in note 33 to the consolidated financial statements.

購入股份或債權證之安排(續)

(b) PYI

i) 購股權計劃

年內本公司董事及前董事根據PYI於二零零二年八月二十七日採納之購股權計劃獲授之PYI購股權之變動詳情如下：

附註：

- 由於供股，購股權之行使價範圍由每股1.0628港元至3.0394港元調整至由每股0.43762港元至1.25151港元。
- 由於供股，購股權之數目已經調整。
- 於二零一零年六月十九日辭任本公司董事。

年內，本公司董事概無獲授PYI購股權，上述董事獲授之PYI購股權概無註銷或行使。

PYI購股權計劃詳情載於綜合財務報表附註33。

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES (continued)

(b) PYI (continued)

ii) *Share award scheme*

This scheme, which was 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 (“PYI Group”)) by way of PYI’s shares acquired by and held through an independent trustee until fulfilment of specified conditions before vesting.

None of the directors of the Company were awarded any of PYI’s shares under this share award scheme during the year or at 31 March 2010.

iii) *Share financing plan*

This plan, which was adopted by PYI on 14 February 2006, allows eligible persons (including employees, directors, consultants, advisers and agents of the PYI Group) to borrow funds from PYI or from a company within the PYI Group 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.

None of the directors of the Company acquired any of PYI’s shares under this share financing plan during the year or at 31 March 2010.

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.

購入股份或債權證之安排 (續)

(b) PYI (續)

ii) *股份獎勵計劃*

根據PYI於二零零六年二月二十三日採納之股份獎勵計劃，PYI可向合資格人士(包括PYI及其附屬公司(「PYI集團」)之僱員、董事、顧問、諮詢人及代理人)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，直至指定的歸屬條件達成為止。

年內或於二零一零年三月三十一日，概無本公司董事根據此股份獎勵計劃獲授任何PYI股份。

iii) *股份融資計劃*

PYI於二零零六年二月十四日採納之計劃容許合資格人士(包括PYI集團之僱員、董事、顧問、諮詢人及代理人)向PYI或PYI集團內一間公司借款以無追索權基準購買PYI新或舊股份，而此等股份則質押予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。

年內或於二零一零年三月三十一日，概無本公司董事根據此股份融資計劃購買任何PYI股份。

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。

Directors' Report

董事局報告書

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 during the year or at 31 March 2010.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed under the section headed "Continuing 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.

CONTINUING CONNECTED TRANSACTIONS

On 1 March 2007, the Company and PYI entered into a conditional business services agreement ("Original Business Services Agreement") for the period from 1 April 2007 to 31 March 2010 with the annual cap amounts of HK\$60 million, HK\$80 million and HK\$100 million for the financial years ended 31 March 2008, 2009 and 2010 respectively. The entering into of the Original Business Services Agreement constituted a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. Details of these were set out in the circular of the Company dated 15 March 2007.

On 23 April 2008, the Company and PYI entered into a conditional business services agreement ("Business Services Agreement") to adjust the annual cap amounts to HK\$250 million and HK\$350 million for each of the two financial years ended 31 March 2009 and 2010 respectively and to set the annual cap amount at HK\$500 million for the financial year ending 31 March 2011. The entering into of the Business Services Agreement constituted a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. Details of which were set out in the circular of the Company dated 14 May 2008 ("Circular").

董事於構成競爭業務之權益

年內或於二零一零年三月三十一日，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，概無擁有任何權益。

董事於重大合約之權益

除下文「持續關連交易」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。

持續關連交易

於二零零七年三月一日，本公司與PYI訂立有條件業務服務協議（「原業務服務協議」），年期為二零零七年四月一日至二零一零年三月三十一日，截至二零零八年、二零零九年及二零一零年三月三十一日止財政年度之年度上限分別為60,000,000港元、80,000,000港元及100,000,000港元。訂立該原業務服務協議構成上市規則第14A章項下本公司之持續關連交易。交易詳情載於本公司日期為二零零七年三月十五日之通函。

於二零零八年四月二十三日，本公司與PYI訂立有條件業務服務協議（「業務服務協議」），將截至二零零九年及二零一零年三月三十一日止兩個財政年度各年之年度上限分別調整為250,000,000港元及350,000,000港元，並將截至二零一一年三月三十一日止財政年度之年度上限定為500,000,000港元。根據上市規則第14A章之規定，訂立該業務服務協議構成本公司之持續關連交易。詳情載於本公司日期為二零零八年五月十四日之通函（「通函」）。

CONTINUING CONNECTED TRANSACTIONS (continued)

During the year, the Group entered into the following transactions with subsidiaries of PYI, which constituted “continuing connected transactions” or “connected transactions” under the Listing Rules. Details of such transactions are as follows:

持續關連交易(續)

年內，本集團與PYI旗下附屬公司進行下列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：

Name of party 交易方名稱	Nature of transactions 交易性質	Amount 數額 HK\$'000 千港元
Jiaugsu Wanhua Real Estate Development Co., Ltd. ("Jiaugsu Wanhua") 江蘇萬華房地產開發有限公司(「江蘇萬華」)	Facilities management fee charged by the Group 本集團收取設施管理費	148
PYI Xingdong Properties (Jiangsu) Limited ("PYI Xingdong") 保華興東置業(江蘇)有限公司(「保華興東」)	Project and facilities management fees charged by the Group 本集團收取項目及設施管理費 Construction works charged by the Group 本集團收取合約工程費 Interest charged by the Group 本集團收取利息	2,618 28,694 12,853
		44,313

Jiaugsu Wanhua and PYI Xingdong are associates, within the meaning of the Listing Rules, of PYI, a substantial shareholder of the Company. Mr Lau Ko Yuen, Tom, a director of the Company is also a director of PYI.

江蘇萬華及保華興東為上市規則所界定本公司主要股東PYI之聯營公司。本公司董事劉高原先生亦為PYI之董事。

Pursuant to Rule 14A.38 of the Listing Rules, the board of directors of the Company engaged the auditor of the Company to perform certain agreed upon procedures in respect of the continuing connected transactions of the Group in accordance with the Hong Kong Standard on Related Services 4400 “Engagements to Perform Agreed-Upon Procedures Regarding Financial Information” issued by the Hong Kong Institute of Certified Public Accountants, to assist the independent non-executive directors of the Company to evaluate whether such transactions:

按上市規則第14A.38條之規定，本公司董事局委聘本公司核數師就本集團之持續關連交易按照香港會計師公會頒佈之香港關連服務準則第4400號「受聘進行若干有關財務資料之協定程序」進行若干議定程序以協助本公司獨立非執行董事評估交易是否：

- (i) have received the approval of the board of directors of the Company;
- (ii) have been entered into in accordance with the pricing policies of the Group with reference to similar transactions with independent third parties;
- (iii) have been entered into in accordance with the terms of the relevant agreement governing such transactions; and
- (iv) have not exceeded the relevant cap amount for the year ended 31 March 2010 as set out in the Circular.

- (i) 已得到本公司董事局之批准；
- (ii) 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；
- (iii) 已按管限此等交易之相關協議條款進行；及
- (iv) 不超於列載於通函截至二零一零年三月三十一日止年度之相關上限。

Directors' Report

董事局報告書

CONTINUING CONNECTED TRANSACTIONS (continued)

The auditor of the Company have reported their factual findings on these procedures to the board of directors of the Company. The independent non-executive directors of the Company have reviewed and confirmed that the continuing connected transactions as set out above 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 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, as a whole.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS/OTHER PERSONS RECORDED IN THE REGISTER KEPT UNDER SECTION 336 OF THE SFO

At 31 March 2010, 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:

(a) Interests of substantial shareholders in the shares and underlying shares of the Company

Name of shareholder	Capacity	Long position	Number of shares of the Company held	Approximate percentage of shareholding of the Company
股東名稱	身份	好倉	所持本公司股份數目	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	62.02%
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	62.02%
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	62.02%
Paul Y. Investments Limited ("PYIL")	Beneficial owner (Note) 實益擁有人(附註)	Long position 好倉	375,826,317	62.02%
CIM Dividend Income Fund Limited	Investment manager 投資經理	Long position 好倉	72,654,933	11.99%

Note:

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

持續關連交易(續)

本公司核數師已將該等程序之調查結果向本公司董事局報告。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。

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

於二零一零年三月三十一日，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條存置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：

(a) 主要股東於本公司股份及相關股份之權益

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。

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS/OTHER PERSONS RECORDED IN THE REGISTER KEPT UNDER SECTION 336 OF THE SFO (continued)

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

(b) Interests of other persons in shares and underlying shares of the Company

(b) 其他人士於本公司股份及相關股份之權益

Name of person	Capacity	Long position	Number of shares of the Company held	Number of underlying shares (unlisted equity derivatives) of the Company held	Total	Approximate percentage of shareholding of the Company
其他人士姓名／名稱	身份	好倉	所持本公司股份數目	所持本公司相關股份(非上市股本衍生工具)數目	總額	佔本公司股權之概約百分比
Mr Daniel Saul Och	Interest of controlled corporation (Note) 於受控制法團之權益 (附註)	Long position 好倉	39,058,875	2,779,360	41,838,235	6.90%
Och-Ziff Capital Management Group LLC ("Och-Ziff Capital")	Interest of controlled corporation (Note) 於受控制法團之權益 (附註)	Long position 好倉	39,058,875	2,779,360	41,838,235	6.90%
OZ Management, L.P. ("OZ Management")	Investment manager (Note) 投資經理(附註)	Long position 好倉	39,058,875	2,779,360	41,838,235	6.90%
OZ Master Fund, Ltd ("OZ Master")	Beneficial owner (Note) 實益擁有人(附註)	Long position 好倉	36,185,257	2,278,837	38,464,094	6.35%
Platinum Global Dividend Fund Limited	Investment manager 投資經理	Long position 好倉	36,000,000	-	36,000,000	5.94%

Note: OZ Master was a fund managed by OZ Management, Och-Ziff Holding Corporation ("Och-Ziff Holding") was the sole general partner of OZ Management, and Och-Ziff Capital was in turn the sole shareholder of Och-Ziff Holding. Mr Daniel Saul Och controlled approximately 77.4% of the voting power at general meetings of Och-Ziff Capital. OZ Management, Och-Ziff Holding, Och-Ziff Capital and Mr Daniel Saul Och were deemed to be interested in the shares of the Company held by OZ Master and other funds under the SFO.

附註：OZ Master為OZ Management所管理之基金。Och-Ziff Holding Corporation (「Och-Ziff Holding」)為OZ Management唯一一般合夥人，而Och-Ziff Capital則為Och-Ziff Holding之唯一股東。Daniel Saul Och先生於Och-Ziff Capital股東大會上控制約77.4%表決權。根據證券及期貨條例，OZ Management、Och-Ziff Holding、Och-Ziff Capital及Daniel Saul Och先生被視為於由OZ Master及其他基金持有之本公司股份中擁有權益。

Save as disclosed above, at 31 March 2010, the Company has not been notified of any interests or short position 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.

除上文所披露者外，於二零一零年三月三十一日，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 provision 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 2010.

The Corporate Governance Report is set out on pages 27 to 44 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 2010 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\$76,000.

AUDITOR

A resolution will be submitted to the annual general meeting to re-appoint Messrs Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

James Chiu, OBE, JP
Chairman

Hong Kong, 16 July 2010

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

截至二零一零年三月三十一日止年度，本公司已遵守上市規則附錄十四所載《企業管治常規守則》之所有守則條文及採納(如適用)建議最佳常規。

企業管治報告已載列於本年報第27頁至第44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，本公司於截至二零一零年三月三十一日止年度一直維持上市規則所訂明之最低公眾持股量。

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76,000港元之慈善及其他捐款。

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，二零一零年七月十六日