

## Corporate Governance Practices

Corporate governance is a continuous process which calls for dedicated efforts and timely response to evolving changes and developments in regulations and practices. Setting it as a priority, PYI Corporation Limited (“PYI” or the “Company”, together with its subsidiaries, the “Group”) is committed to developing and upholding a high standard of corporate governance practices and business ethics appropriate to its growth, in the firm belief that they are essential for maintaining and promoting investors’ confidence and maximizing shareholders’ values.

PYI has applied the principles and complied with all the applicable code provisions of the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) for the year ended 31 March 2007.

Set out below are the corporate governance principles and practices adopted by the Group:

## 企業管治常規

企業管治是一個持續的過程，需要我們不懈的努力並且對相關法規和常規的增補及修改作出及時反應。保華集團有限公司（「保華」或「本公司」，連同其附屬公司，「本集團」）將企業管治放在首位，致力於發展和保持與企業增長同步的高標準企業管治常規和商業道德，我們堅信，企業管治是保持和促進投資者信心以及最大化股東利益的核心。

截至2007年3月31日止年度，保華一直實踐及遵守《香港聯合交易所有限公司（「聯交所」）證券上市規則》（「《上市規則》」）附錄十四中的《企業管治常規守則》（「《守則》」）之原則及所有適用條文。

本集團所採用的企業管治原則和常規載列如下：

Key Principles / Provisions / Practices in the Code 《守則》內之主要原則 / 條文 / 常規	Met? 是否已符合？	How PYI Adopted ? 保華如何採用？
<b>Shareholders 股東</b> <b>Communication 溝通</b>		
<ul style="list-style-type: none"> <li>Maintain on-going and effective communication with shareholders 保持與股東持續及有效溝通</li> </ul>	✓	<ul style="list-style-type: none"> <li>➤ The Board endeavours to maintain transparent communication with all shareholders so as to enable them to make informed decision on matters relating to their investment and the exercise of their rights as shareholders in PYI. 董事局為了確保股東可就其投資作出明智的決定，以及行使其作為股東的權利，努力與所有股東維持具透明度的溝通。</li> <li>➤ PYI has established and maintained different communication channels with its shareholders through the publication of annual and interim reports, press announcements as well as news releases to provide extensive information on the Group’s activities, business strategies and developments. Such information is also available on PYI’s website: www.pyicorp.com. 保華透過刊發年度、中期報告、公布以及新聞稿，與股東建立及維持不同之通訊渠道，以提供本集團活動、業務策略和發展的廣泛資訊，而保華公司網站—www.pyicorp.com亦有登載此等資訊。</li> </ul>

Key Principles / Provisions / Practices in the Code 《守則》內之主要原則 / 條文 / 常規	Met? 是否已符合？	How PYI Adopted ? 保華如何採用？
<ul style="list-style-type: none"> <li>Use general meetings for communication and encourage shareholders' participation 藉股東大會與股東溝通及鼓勵他們的參與</li> </ul>	✓	<ul style="list-style-type: none"> <li>➤ PYI regards its shareholders' meetings as valuable forum for shareholders to raise comments and exchange views with the Board. 保華視其股東大會為股東向董事局提出建議及交換意見的一個寶貴平台。</li> <li>➤ All directors and senior management will make an effort to attend shareholders' meetings and address queries from shareholders. 所有的董事和高級管理層皆盡量撥冗出席股東大會，以回應股東的提問。</li> <li>➤ To enhance shareholders' understanding of PYI's business and latest business initiatives, since 2005 an "Address by Managing Director" session has been included in the AGM in addition to standard meeting agenda. This session is led by the Chairman and presented by Managing Director. 為加強股東對保華的業務及最新業務計劃有更深認識，自2005年起，我們在股東週年大會的一般會議議程以外，加入一個由主席主持、並由董事總經理負責講解的「董事總經理報告」環節。</li> </ul>

#### Rights 權利

<ul style="list-style-type: none"> <li>Procedure for voting by poll 以投票方式表決的程序</li> </ul>	✓	<ul style="list-style-type: none"> <li>➤ Shareholders have the right to participate in and vote at general meetings in accordance with PYI's bye-laws and the applicable laws of Bermuda. 股東有權參與股東大會，並按照保華的公司細則及百慕達的適用法律在會上投票。</li> <li>➤ To enhance transparency of meeting procedures, since 2006, voting on resolutions put forward at all PYI's general meetings (including the AGM held on 8 September 2006 ("2006 AGM")) has been conducted by way of poll. All poll results will be published and posted on the website of PYI and of the Stock Exchange. 為了加強會議進行方式的透明度，自2006年起，保華的所有股東大會（包括於2006年9月8日舉行的股東週年大會（「2006年股東週年大會」））的決議案均按投票的方式表決，投票的結果亦已在本公司網站和聯交所網站上刊載。</li> </ul>
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Rights 權利		<p data-bbox="756 557 1420 622">                     &gt; The items resolved at the 2006 AGM are summarized below:                      在2006年股東週年大會上議決的事項摘錄如下：                 </p> <table border="1" data-bbox="742 638 1444 1948"> <thead> <tr> <th data-bbox="783 645 850 703">Items 事項</th> <th data-bbox="1177 645 1410 703">% of Votes Cast For 贊成票數的比率</th> </tr> </thead> <tbody> <tr> <td data-bbox="791 730 1246 790">                     ✓ Approval of the 2006 audited accounts                      通過2006年度的經審核賬目                 </td> <td data-bbox="1347 730 1410 754">100%</td> </tr> <tr> <td data-bbox="791 801 1217 898">                     ✓ Approval of the 2006 final dividend of HK1.5 cents each                      通過2006年度的每股1.5港仙末期股息                 </td> <td data-bbox="1347 801 1410 826">100%</td> </tr> <tr> <td data-bbox="791 909 1294 1108">                     ✓ Re-election of Dr Chan Kwok Keung, Charles, Mr Kwok Shiu Keung, Ernest and Mr Leung Po Wing, Bowen Joseph as directors (by separate resolutions)                      重選陳國強博士、郭少強先生、梁寶榮先生為董事（以獨立決議案的方式進行）                 </td> <td data-bbox="1347 909 1410 934">100%</td> </tr> <tr> <td data-bbox="791 1120 1259 1290">                     ✓ Approval of directors' fees in aggregate amount of not exceeding HK\$3,000,000 per annum for all directors                      通過給予全體董事全年總額不予超過300萬港元的董事袍金                 </td> <td data-bbox="1347 1120 1410 1144">100%</td> </tr> <tr> <td data-bbox="791 1301 1272 1397">                     ✓ Re-appointment of Deloitte Touche Tohmatsu as auditors                      再度委任德勤•關黃陳方會計師行為核數師                 </td> <td data-bbox="1347 1301 1410 1326">100%</td> </tr> <tr> <td data-bbox="791 1408 1270 1579">                     ✓ Grant of general mandates to directors to issue additional shares and repurchase shares (by separate resolutions)                      給予董事發行及回購保華股份的一般授權（以獨立決議案的方式進行）                 </td> <td data-bbox="1347 1408 1410 1433">100%</td> </tr> <tr> <td data-bbox="791 1590 1270 1724">                     ✓ Refreshing the 10% limit on grant of options under PYI's share option scheme                      重訂根據保華購股權計劃授出購股權之10%限額                 </td> <td data-bbox="1347 1590 1410 1615">100%</td> </tr> <tr> <td data-bbox="791 1736 1206 1935">                     ✓ Approval of the refreshment of the 10% limit on grant of options under the share option scheme of Paul Y. Engineering Group Limited                      批准更新根據保華建業集團有限公司購股權計劃授予購股權之10%限額                 </td> <td data-bbox="1347 1736 1410 1760">100%</td> </tr> </tbody> </table>	Items 事項	% of Votes Cast For 贊成票數的比率	✓ Approval of the 2006 audited accounts 通過2006年度的經審核賬目	100%	✓ Approval of the 2006 final dividend of HK1.5 cents each 通過2006年度的每股1.5港仙末期股息	100%	✓ Re-election of Dr Chan Kwok Keung, Charles, Mr Kwok Shiu Keung, Ernest and Mr Leung Po Wing, Bowen Joseph as directors (by separate resolutions) 重選陳國強博士、郭少強先生、梁寶榮先生為董事（以獨立決議案的方式進行）	100%	✓ Approval of directors' fees in aggregate amount of not exceeding HK\$3,000,000 per annum for all directors 通過給予全體董事全年總額不予超過300萬港元的董事袍金	100%	✓ Re-appointment of Deloitte Touche Tohmatsu as auditors 再度委任德勤•關黃陳方會計師行為核數師	100%	✓ Grant of general mandates to directors to issue additional shares and repurchase shares (by separate resolutions) 給予董事發行及回購保華股份的一般授權（以獨立決議案的方式進行）	100%	✓ Refreshing the 10% limit on grant of options under PYI's share option scheme 重訂根據保華購股權計劃授出購股權之10%限額	100%	✓ Approval of the refreshment of the 10% limit on grant of options under the share option scheme of Paul Y. Engineering Group Limited 批准更新根據保華建業集團有限公司購股權計劃授予購股權之10%限額	100%
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**Key Principles / Provisions / Practices in the Code**

《守則》內之主要原則 / 條文 / 常規

**Met?**

是否已符合？

**How PYI Adopted ?**

保華如何採用？

**Board of Directors 董事局**

**Role and Responsibilities 角色及職責**

<ul style="list-style-type: none"> <li>● Responsibility for leadership and control 負有領導及監察責任</li> <li>● Responsibility for directing and supervising affairs 負責統管及監督事務</li> </ul>	<p>✓</p>	<p>➤ The Board's primary role is to protect and enhance long-term shareholder value. It assumes the responsibility for providing effective and responsible leadership and control of the Company, and directing and supervising the Company's affairs in pursuit of the Group's strategic objectives.</p> <p>董事局的主要角色是為確保和提升股東之長遠利益。董事局肩負給予有效及負責任的領導及監控本公司之責任，同時帶領及監督本公司之業務朝著集團的策略性目標發展。</p>
<ul style="list-style-type: none"> <li>● Formalise functions reserved to the board and those delegated to the management 規定只限董事會執行的職能和管理層獲授權執行的職能</li> </ul>	<p>✓</p>	<p>➤ The Board, led by the Chairman, approves and monitors group-wide strategies and policies, evaluates the performance of the Group and supervises the management.</p> <p>董事局在主席的領導下，批准和監管整個集團的策略和政策、評估集團的表現，以及監察管理層工作。</p> <p>➤ The Board oversees specific areas affecting the interests of all shareholders including financial reporting and control, equity fund raising, recommendation/declaration of dividend or other distributions, notifiable transactions under the Listing Rules and capital reorganisation or other significant changes in the capital structure of the Group.</p> <p>董事局監察影響所有股東權益的具體事項，包括財務申報和監控、資本籌措、股息或其他分派的建議或宣派、《上市規則》所述的須予公布交易，以及資本重組或集團資本結構的其他重大改變。</p> <p>➤ The management, on the other hand, is responsible for the management and administrative functions and the day-to-day operations of the Group under the leadership of the Managing Director.</p> <p>另一方面，管理層在董事總經理領導下，肩負管理和行政職能的責任，以及履行本集團日常營運的職責。</p>

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Composition 組成																				
<ul style="list-style-type: none"> <li>Strong independent element 有強大的獨立元素</li> <li>Independent non-executive directors representing at least one-third of the board 獨立非執行董事應佔董事會成員人數至少三分一</li> </ul>	✓	<p>➤ PYI has an independently governed Board consisting of a majority of independent non-executive directors (“INEDs”) as follows: 保華獨立管治的董事局大部分由獨立非執行董事組成，名單如下：</p> <table border="1" data-bbox="742 734 1442 1429"> <thead> <tr> <th data-bbox="788 741 1018 768">Members of the Board</th> <th data-bbox="1091 741 1177 768">Position</th> </tr> <tr> <th data-bbox="788 775 895 801">董事局成員</th> <th data-bbox="1091 775 1134 801">職位</th> </tr> </thead> <tbody> <tr> <td data-bbox="788 842 1054 925">Dr Chow Ming Kuen, Joseph 周明權博士</td> <td data-bbox="1091 842 1417 954">Chairman (Independent Non-Executive Director)  主席（獨立非執行董事）</td> </tr> <tr> <td data-bbox="788 976 991 1025">Mr Lau Ko Yuen, Tom 劉高原先生</td> <td data-bbox="1091 976 1294 1059">Deputy Chairman and Managing Director 副主席兼董事總經理</td> </tr> <tr> <td data-bbox="788 1077 1070 1126">Dr Chan Kwok Keung, Charles 陳國強博士</td> <td data-bbox="1091 1077 1305 1126">Non-Executive Director 非執行董事</td> </tr> <tr> <td data-bbox="788 1149 1054 1198">Mr Kwok Shiu Keung, Ernest 郭少強先生</td> <td data-bbox="1091 1149 1417 1198">Independent Non-Executive Director 獨立非執行董事</td> </tr> <tr> <td data-bbox="788 1220 943 1270">Mr Chan Shu Kin 陳樹堅先生</td> <td data-bbox="1091 1220 1417 1270">Independent Non-Executive Director 獨立非執行董事</td> </tr> <tr> <td data-bbox="788 1292 967 1375">Mr Leung Po Wing, Bowen Joseph 梁寶榮先生</td> <td data-bbox="1091 1292 1417 1350">Independent Non-Executive Director 獨立非執行董事</td> </tr> <tr> <td data-bbox="788 1397 935 1424">Mr Li Chang An</td> <td data-bbox="1091 1397 1417 1424">Independent Non-Executive Director</td> </tr> </tbody> </table> <p>➤ Biographical details of the above directors are set out on pages 46 to 49 of this annual report and are also available on PYI’s website: <a href="http://www.pyicorp.com">www.pyicorp.com</a>. 上述各位董事的簡介詳情載於本年報的第46至49頁，有關資料亦已登載保華網站—<a href="http://www.pyicorp.com">www.pyicorp.com</a>。</p> <p>➤ The majority composition of INEDs (including one who has appropriate professional qualifications, or accounting or related financial management expertise, as required by the Listing Rules) ensures that the Board’s actions account for the interests of all shareholders and that all issues are considered in a balanced and objective manner. 由獨立非執行董事（包括一名具備適當的專業資格，或者如同《上市規則》下要求具備適當的會計或相關財務管理專長的董事）作為大多數成員，可確保董事局的行為顧及所有股東的利益，並且可平衡客觀地考慮所有事情。</p>	Members of the Board	Position	董事局成員	職位	Dr Chow Ming Kuen, Joseph 周明權博士	Chairman (Independent Non-Executive Director)  主席（獨立非執行董事）	Mr Lau Ko Yuen, Tom 劉高原先生	Deputy Chairman and Managing Director 副主席兼董事總經理	Dr Chan Kwok Keung, Charles 陳國強博士	Non-Executive Director 非執行董事	Mr Kwok Shiu Keung, Ernest 郭少強先生	Independent Non-Executive Director 獨立非執行董事	Mr Chan Shu Kin 陳樹堅先生	Independent Non-Executive Director 獨立非執行董事	Mr Leung Po Wing, Bowen Joseph 梁寶榮先生	Independent Non-Executive Director 獨立非執行董事	Mr Li Chang An	Independent Non-Executive Director
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Key Leadership 主要領導

<ul style="list-style-type: none"> <li>• Clear division of Chairman and CEO 主席與行政總裁的清楚分工</li> <li>• Clear establishment of two roles in writing 兩者角色以書面清楚界定</li> </ul>	✓	<p>➤ The positions of the Chairman and Managing Director of PYI are distinctly segregated and their roles in PYI are clearly established and set out in writing. 保華主席與董事總經理的職位是明確區分，他們在保華的角色亦有清楚界定並以書面列載。</p>				
		<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #00a651; color: white;"> <th style="padding: 5px;">Chairman 主席</th> <th style="padding: 5px;">Managing Director 董事總經理</th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;"> <p>Dr Chow Ming Kuen, Joseph 周明權博士</p> <ul style="list-style-type: none"> <li>✓ To provide leadership to the Board 對董事局起領導作用</li> <li>✓ Responsible for overseeing the functioning of the Board 肩負監察董事局行使職責的責任</li> </ul> </td> <td style="padding: 5px;"> <p>Mr Lau Ko Yuen, Tom 劉高原先生</p> <ul style="list-style-type: none"> <li>✓ To lead the management 領導管理層</li> <li>✓ Formulating operational strategies and policies, as well as managing the Group's day-to-day operations 制定營運策略與政策以及管理集團的日常運作</li> </ul> </td> </tr> </tbody> </table>	Chairman 主席	Managing Director 董事總經理	<p>Dr Chow Ming Kuen, Joseph 周明權博士</p> <ul style="list-style-type: none"> <li>✓ To provide leadership to the Board 對董事局起領導作用</li> <li>✓ Responsible for overseeing the functioning of the Board 肩負監察董事局行使職責的責任</li> </ul>	<p>Mr Lau Ko Yuen, Tom 劉高原先生</p> <ul style="list-style-type: none"> <li>✓ To lead the management 領導管理層</li> <li>✓ Formulating operational strategies and policies, as well as managing the Group's day-to-day operations 制定營運策略與政策以及管理集團的日常運作</li> </ul>
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Independence of Directors 董事獨立性

<ul style="list-style-type: none"> <li>• Meet guidelines on independence in rule 3.13 符合載於第3.13條的獨立性的指引</li> </ul>	✓	<p>➤ Each INED has confirmed his independence with the Stock Exchange upon his appointment pursuant to the Listing Rules. 每名獨立非執行董事獲委任時已向聯交所確認其獨立性。</p> <p>➤ The Nomination Committee made an annual assessment on the independence of all INEDs based on their annual confirmation of independence declared pursuant to rule 3.13 of the Listing Rules, and confirmed that each of these directors was able to meet the guidelines as set out in rule 3.13 of the Listing Rules and continued to be independent. 提名委員會已根據所有獨立非執行董事遵照《上市規則》第3.13條所提呈之年度獨立性確認函，對他們的獨立性進行評核，並確認每一名獨立非執行董事符合《上市規則》第3.13條所載有關的指引，他們仍屬獨立人士。</p> <p>➤ Each of the Board members is totally unrelated to each other and with the senior management in every aspect including financial, business, or family. 董事局每一名成員彼此之間以及與高級管理人員之間，不論在財務、業務或家庭等各方面均互無關連。</p>
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Key Principles / Provisions / Practices in the Code 《守則》內之主要原則 / 條文 / 常規	Met? 是否已符合？	How PYI Adopted ? 保華如何採用？
Responsibilities of Directors 董事責任		
<ul style="list-style-type: none"> <li>Induction program for new directors 為新委任董事提供就任須知計劃</li> </ul>	✓	<p>➤ There were two new directors, namely Mr Leung Po Wing, Bowen Joseph and Mr Li Chang An, appointed to the Board during the year. Each of them had met with other fellow directors and received a comprehensive and tailored induction to ensure full awareness of responsibilities under statute and common law, the Listing Rules and other regulatory requirements and the business and governance policies of the Group.</p> <p>年內，梁寶榮先生及李昌安先生獲委任進入董事局。他們已獲安排與其他董事會面，並獲得一個全面、正式兼特為其而設的就任須知，以確保他們完全知悉其在法規及普通法、《上市規則》及其他監管規定，以及本集團的業務和管治政策下的職責。</p>
<ul style="list-style-type: none"> <li>Compliance with Model Code set out in Appendix 10 遵守附錄十的《標準守則》</li> </ul>	✓	<p>➤ PYI has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules as its own code for dealing in the securities of PYI by the directors and relevant employees of the Group.</p> <p>保華已經採用《上市規則》附錄十中的《上市公司董事進行證券交易的標準守則》（「《標準守則》」）作為本集團董事和相關僱員在買賣保華證券時所需遵守之守則。</p> <p>➤ According to the specific enquiry made by PYI, all directors of PYI have confirmed their compliance with the required standard set out in the Model Code throughout the year under review.</p> <p>根據保華的具體查詢，全體保華董事均確認在本年度一直有遵守《標準守則》列載之所需標準。</p>
<ul style="list-style-type: none"> <li>Update directors with the latest developments in the regulatory environment and the market 向董事匯報最新行業監管環境及市場的發展情況</li> </ul>	✓	<p>➤ Important updates are provided to all directors when necessary to ensure that they are fully aware of any changes in the business and regulatory environment in places where the Group conducts its business.</p> <p>在有需要時，所有董事將會獲取重要更新資訊，以確保他們可以充分地知悉本集團業務所在地的商業及管治環境的任何變化。</p>
<ul style="list-style-type: none"> <li>Directors’ liability insurance arrangement 董事責任保險的安排</li> </ul>	✓	<p>➤ The Company maintains appropriate directors’ and officers’ liability insurance which commensurates with the Group’s business operations and assessed exposures.</p> <p>本公司已就集團業務運作及所評估的風險，投保相稱的綜合董事和高級職員責任保險。</p>

**Key Principles / Provisions / Practices in the Code**

《守則》內之主要原則 / 條文 / 常規

**Met?**

是否已符合？

**How PYI Adopted ?**

保華如何採用？

Appointments and Re-election of Directors 董事委任與重選

<ul style="list-style-type: none"> <li>Non-executive directors should be appointed for a specific term and subject to re-election 非執行董事的委任應有指定任期，並須接受重新選舉</li> </ul>	<p>✓</p>	<ul style="list-style-type: none"> <li>Non-executive directors are appointed for a specific term of three years and subject to the retirement requirements under PYI's bye-laws. 非執行董事之指定任期為三年，並須遵循保華公司細則的退任規定。</li> <li>Dr Chan Kwok Keung, Charles, who retired by rotation at the 2006 AGM in accordance with PYI's bye-laws, was re-elected for a fixed term of approximately three years until the conclusion of the AGM to be held in 2009. 陳國強博士依照保華公司細則，在2006年股東週年大會上輪值退任並獲重選，任期約三年，直至2009年股東週年大會結束為止。</li> </ul>
<ul style="list-style-type: none"> <li>All directors appointed to fill casual vacancies should be subject to election at first general meeting after their appointment 所有為填補臨時空缺而被委任的董事應在接受委任後的首次股東大會上接受選舉</li> </ul>	<p>✓</p>	<ul style="list-style-type: none"> <li>New directors are appointed by the Board following recommendation by the Nomination Committee. They will hold office only until the first general meeting of PYI after their appointment but are eligible for re-election at that meeting. 新董事須經提名委員會推薦後，由董事局委任。新任董事的任期僅會直至他們委任後的首次保華股東大會為止，惟他們有資格在該大會上膺選連任。</li> <li>Mr Leung Po Wing, Bowen Joseph, who was appointed by the Board on 1 August 2006, was re-elected by shareholders at the 2006 AGM for a fixed term of approximately three years until the conclusion of the AGM to be held in 2009. 梁寶榮先生於2006年8月1日由董事局委任，在2006年股東週年大會上獲股東重選為董事，任期約三年，直至2009年股東週年大會結束為止。</li> </ul>
<ul style="list-style-type: none"> <li>Every director should be subject to rotation at least once every three years 各董事至少每三年須輪值退任一次</li> </ul>	<p>✓</p>	<ul style="list-style-type: none"> <li>PYI's bye-laws stipulate, inter alia, that every director is subject to retirement by rotation at least once every three years. All retiring Directors, being eligible, may stand for re-election at the general meeting at which they retire. 保華公司細則（其中）訂明的每位董事須至少每三年輪席退任一次，所有退任董事均可在其退任的股東大會上膺選連任。</li> <li>In addition to Dr Chan Kwok Keung, Charles, Mr Kwok Shiu Keung, Ernest also retired by rotation at the 2006 AGM in accordance with PYI's bye-laws and was re-elected for a fixed term of approximately three years until the conclusion of the AGM to be held in 2009. 除陳國強博士以外，郭少強先生亦依照保華公司細則，在2006年股東週年大會上輪席退任並獲重選，任期約三年，直至2009年股東週年大會結束為止。</li> </ul>



<b>Key Principles / Provisions / Practices in the Code</b> 《守則》內之主要原則 / 條文 / 常規	<b>Met?</b> 是否已符合？	<b>How PYI Adopted ?</b> 保華如何採用？
Meetings 會議		
<ul style="list-style-type: none"> <li>Regular meetings 定期會議</li> </ul>	✓	>> The Board meets regularly according to meeting schedules of each year normally sent to all members before start of the year. 董事局按照一般在新一年開始前給予全體董事的每年例會時間表定期開會。
<ul style="list-style-type: none"> <li>Minimum of four times a year 每年最少四次</li> </ul>	✓	>> The Company convened twelve Board meetings during the year ended 31 March 2007, including seven regular board meetings to conduct the following principal activities: <ul style="list-style-type: none"> <li>✓ Review of operation performance and approval of budget</li> <li>✓ Approval of interim results</li> <li>✓ Approval of final results</li> <li>✓ Review of corporate development strategy</li> <li>✓ Report and presentation of operations and business development strategies from key business units</li> <li>✓ Update on internal control measures</li> <li>✓ Field trip to review the Group's investments in Nantong and Hangzhou</li> </ul> 截至2007年3月31日止年度，本公司共召開了十二次董事局會議，包括七次定期董事局會議，以進行下列主要活動： <ul style="list-style-type: none"> <li>✓ 審閱業務表現及審批預算</li> <li>✓ 審核中期業績</li> <li>✓ 審核末期業績</li> <li>✓ 審閱集團發展策略</li> <li>✓ 聽取主要項目公司匯報業務情況及發展策略</li> <li>✓ 更新內部監控措施的資訊</li> <li>✓ 實地考察集團在南通及杭州的投資項目</li> </ul> >> Five additional Board meetings were held to discuss and consider significant transactions, including key acquisitions, connected transaction and distribution of special dividend. 額外舉行之五次董事局會議，以商議及考慮各類重大交易，包括主要收購、關連交易及分派特別股息。

Key Principles / Provisions / Practices in the Code 《守則》內之主要原則 / 條文 / 常規	Met? 是否已符合？	How PYI Adopted ? 保華如何採用？																
<ul style="list-style-type: none"> <li>Quarterly intervals 每季一次</li> </ul>	✓	<p>No. of meetings 會議次數</p>  <table border="1" data-bbox="782 560 1420 851"> <caption>Meeting Data by Quarter</caption> <thead> <tr> <th>Quarter</th> <th>Regular meetings held</th> <th>Additional meetings held</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>1</td> <td>1</td> </tr> <tr> <td>2</td> <td>2</td> <td>1</td> </tr> <tr> <td>3</td> <td>2</td> <td>1</td> </tr> <tr> <td>4</td> <td>2</td> <td>0</td> </tr> </tbody> </table> <p>Legend: Regular meetings held (定期舉行之會議), Additional meetings held (額外舉行之會議)</p>	Quarter	Regular meetings held	Additional meetings held	1	1	1	2	2	1	3	2	1	4	2	0	
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3	2	1																
4	2	0																
<ul style="list-style-type: none"> <li>Active participation by majority directors 大部分董事積極參與</li> </ul>	✓	<p>➤ The attendance record of each member of the Board is set out below: 以下是董事局各成員的出席記錄：</p> <table border="1" data-bbox="742 1019 1442 1568"> <thead> <tr> <th>Directors 董事</th> <th>Meetings Attended / Held 出席 / 舉行會議次數</th> </tr> </thead> <tbody> <tr> <td>Dr Chow Ming Kuen, Joseph 周明權博士</td> <td>12/12</td> </tr> <tr> <td>Mr Lau Ko Yuen, Tom 劉高原先生</td> <td>12/12</td> </tr> <tr> <td>Dr Chan Kwok Keung, Charles 陳國強博士</td> <td>5/12</td> </tr> <tr> <td>Mr Kwok Shiu Keung, Ernest 郭少強先生</td> <td>12/12</td> </tr> <tr> <td>Mr Chan Shu Kin 陳樹堅先生</td> <td>11/12</td> </tr> <tr> <td>Mr Leung Po Wing, Bowen Joseph<sup>^</sup> 梁寶榮先生<sup>^</sup></td> <td>8/8</td> </tr> <tr> <td>Mr Li Chang An<sup>+</sup> 李昌安先生<sup>+</sup></td> <td>2/2</td> </tr> </tbody> </table> <p><sup>^</sup> Mr Leung was appointed INED on 1 August 2006. 梁先生於2006年8月1日獲委任為獨立非執行董事。 <sup>+</sup> Mr Li was appointed INED on 8 January 2007. 李先生於2007年1月8日獲委任為獨立非執行董事。</p>	Directors 董事	Meetings Attended / Held 出席 / 舉行會議次數	Dr Chow Ming Kuen, Joseph 周明權博士	12/12	Mr Lau Ko Yuen, Tom 劉高原先生	12/12	Dr Chan Kwok Keung, Charles 陳國強博士	5/12	Mr Kwok Shiu Keung, Ernest 郭少強先生	12/12	Mr Chan Shu Kin 陳樹堅先生	11/12	Mr Leung Po Wing, Bowen Joseph <sup>^</sup> 梁寶榮先生 <sup>^</sup>	8/8	Mr Li Chang An <sup>+</sup> 李昌安先生 <sup>+</sup>	2/2
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<ul style="list-style-type: none"> <li>Minimum notice of 14 days 最少14日通知期</li> </ul>	✓	<p>➤ Directors normally receive at least 14 days' written notice/reminder prior to regular meetings. 董事一般在開會至少14天前收到定期會議的書面通知／提示。</p> <p>➤ For other Board meetings, directors are given as much notice as is reasonable and practicable in the circumstances. 至於其他董事局會議，我們將在合理可行的情況下儘快知會董事。</p>																

<b>Key Principles / Provisions / Practices in the Code</b> 《守則》內之主要原則 / 條文 / 常規	<b>Met?</b> 是否已符合？	<b>How PYI Adopted ?</b> 保華如何採用？
<ul style="list-style-type: none"> <li>Setting agenda arrangement 制定議程安排</li> </ul>	✓	<ul style="list-style-type: none"> <li>➤ The Company Secretary assists the Chairman in setting the agenda of Board meetings. 公司秘書協助主席制定董事局會議議程。</li> <li>➤ Each Board member may submit proposals for inclusion in the agenda for consideration during meetings. Procedures are in place for all directors to have access to the advice and services of the Company Secretary. 每位董事局成員可於會議期間提交議案，供董事局在會議議程之內考慮，董事可依適當程序向公司秘書徵詢意見和要求協助。</li> </ul>
<ul style="list-style-type: none"> <li>Keeping minutes 留存會議記錄</li> </ul>	✓	<ul style="list-style-type: none"> <li>➤ Minutes of Board/committees meetings will be recorded in sufficient details, kept by the Company Secretary and distributed to each director within a reasonable period. 董事局/委員會會議記錄由公司秘書作詳細記錄及留存，並在合理的時間內分發給每位董事。</li> </ul>
<ul style="list-style-type: none"> <li>Supply &amp; access to information 資料提供及使用</li> <li>Seeking advice 尋求意見</li> </ul>	✓	<ul style="list-style-type: none"> <li>➤ All members of the Board are given full and timely access to relevant information and may seek independent professional advice at the Company's expense, if necessary, in accordance with pre-approved procedures. 全體董事局成員可全面及時地取得相關資料，且在必要時可按既定程序，尋求獨立專業意見，費用由本公司支付。</li> </ul>
<ul style="list-style-type: none"> <li>Disclosures of Interests 申報利益</li> </ul>	✓	<ul style="list-style-type: none"> <li>➤ Each director has made disclosure of his interests or potential conflict of interests, if any, in the proposed transactions or issues discussed by the Board at the Board meetings (and abstained from voting on the relevant resolution as appropriate) as well as notified changes in personal particulars to the Company in a timely manner. 每名董事均已在董事局會議審議交易或動議時，申報其涉及的任何權益或潛在的利益衝突（亦已在適當情況下對有關決議案放棄表決權），並已適時通知本公司有關個人資料詳情的變動。</li> </ul>

**Key Principles / Provisions / Practices in the Code**

《守則》內之主要原則 / 條文 / 常規

**Met?**

是否已符合？

**How PYI Adopted ?**

保華如何採用？

Board Committees 董事局轄下委員會

<ul style="list-style-type: none"> <li>• Specific written terms of reference 書面的特定職權範圍</li> </ul>	<p>✓</p>	<p>➤ The Board has established five committees to deal with key aspects of the Company's affairs:</p> <ul style="list-style-type: none"> <li>✓ Audit Committee (established on 11 December 1998)</li> <li>✓ Remuneration Committee (established on 1 April 2005)</li> <li>✓ Nomination Committee (established on 8 November 2005)</li> <li>✓ Compliance Committee (established on 8 November 2005)</li> <li>✓ Share Repurchase Committee (established on 8 November 2005)</li> </ul> <p>董事局已成立五個委員會，以處理本公司事務的重要範疇：</p> <ul style="list-style-type: none"> <li>✓ 審核委員會（成立於1998年12月11日）</li> <li>✓ 薪酬委員會（成立於2005年4月1日）</li> <li>✓ 提名委員會（成立於2005年11月8日）</li> <li>✓ 法規委員會（成立於2005年11月8日）</li> <li>✓ 股份回購委員會（成立於2005年11月8日）</li> </ul> <p>➤ The written terms of reference of each Board committee covering its specific role, authority and function are available on PYI's website.</p> <p>保華網站載有涵蓋每個董事局轄下委員會角色、權限及職能的書面職權範圍。</p>
<ul style="list-style-type: none"> <li>• Provision of board committees with sufficient resources to discharge their duties 供給董事局轄下的委員會充足資源以履行其職責</li> </ul>	<p>✓</p>	<p>➤ To discharge its dedicated function, each of the Board committees is provided with sufficient resources, including retention of outside advisers to provide professional advice as required at the cost of PYI.</p> <p>為使每個董事局轄下委員會可履行其專門的職能，保華提供充足資源予各委員會，並在有需要時，斥資外聘顧問提供專業意見。</p>

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<ul style="list-style-type: none"> <li>Disclosure of information relating to directors' remuneration policy 有關董事酬金政策的資料披露</li> </ul>	<p>✓</p>	<p><b>Remuneration Policy</b> 薪酬政策</p> <ul style="list-style-type: none"> <li> <p>➤ The emoluments of directors are determined with reference to factors including:</p> <ul style="list-style-type: none"> <li>✓ salaries paid by comparable companies</li> <li>✓ time commitment</li> <li>✓ duties and responsibilities</li> <li>✓ employment conditions elsewhere</li> </ul> <p>董事的薪酬乃參考多種因素釐定，包括：</p> <ul style="list-style-type: none"> <li>✓ 類同公司所支付之薪金水平</li> <li>✓ 所需投入之時間</li> <li>✓ 職務與責任</li> <li>✓ 其他地方之僱傭條件</li> </ul> </li> <li> <p>➤ A performance-based element is considered instrumental in aligning the interests of individuals with those of the Group and will be built into top-management compensation.</p> <p>績效基礎的原素在個人利益與集團利益掛鉤上起了相當重要的作用，而這一報酬機制會在最高管理層中施行。</p> </li> <li> <p>➤ PYI has adopted its own reward strategy which forms an integral part of the Group's remuneration policy and the basis of future awards to employees. Key aspects of such reward strategy include:</p> <ul style="list-style-type: none"> <li>✓ to attract and retain talents, base pay and benefits will be market competitive</li> <li>✓ to support the growth strategy of the Group, short-term and long-term performance-based rewards will be emphasized</li> <li>✓ to align employee interest with shareholders, the performance-based rewards will be equity-based</li> <li>✓ equity-based reward will be considered in the light of an employee's level of responsibility and influence on the Group's performance and share price</li> <li>✓ PYI will effectively deploy the appropriate mix of its existing equity-based reward vehicles, including the share option scheme, share award scheme and share financing plan</li> </ul> <p>保華已採納其自訂的獎賞策略，作為集團薪酬政策的組成部份及日後獎賞僱員的基準。此獎勵策略的主要範疇包括：</p> <ul style="list-style-type: none"> <li>✓ 基本薪酬及福利需具市場競爭性，以吸引及挽留人才</li> <li>✓ 強調短期及長期的績效基礎獎賞，要與集團增長策略一致</li> <li>✓ 績效基礎獎賞將以股份為基礎，將僱員與股東利益互相緊扣</li> <li>✓ 將因應僱員的責任輕重及其對集團業績與股價的影響程度，考慮以股份為基礎的獎賞</li> <li>✓ 保華將適當及有效地調配其現有以股份為基礎的獎賞機制，包括購股權計劃、股份獎勵計劃及股份融資計劃</li> </ul> </li> </ul>

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		<p data-bbox="751 499 1086 524"><b>Summary of Work Performed</b></p> <p data-bbox="751 535 842 560">工作摘要</p> <p data-bbox="751 580 1422 645">                         &gt; The Remuneration Committee held five meetings during the period for the following purposes:                     </p> <ul style="list-style-type: none"> <li data-bbox="788 656 1254 680">✓ receive update on PYI incentive schemes</li> <li data-bbox="788 696 1422 790">✓ approving 2006 salary review for PYI executives and employees (including senior management but excluding the Managing Director)</li> <li data-bbox="788 801 1422 896">✓ consider the setting up of key performance indicators, in particular, for senior executives, to implement a self-propelled/managed reward system</li> <li data-bbox="788 907 1422 1001">✓ approve and recommend to the Board the reward strategy proposed by PricewaterhouseCoopers as an integral part of the Group's remuneration policy</li> <li data-bbox="788 1012 1422 1077">✓ review and approve the remuneration package for the Managing Director</li> <li data-bbox="788 1088 1422 1218">✓ confirm and set out the detailed mechanism and basis of calculations for the variable bonus portion and share-based portion comprising the remuneration package of the Managing Director</li> <li data-bbox="788 1229 1422 1294">✓ recommend the amount of directors' fees for shareholders' approval at the 2006 AGM</li> <li data-bbox="788 1305 1422 1370">✓ recommend the grant of 13,800,000 share options to Deputy Chairman and Managing Director</li> <li data-bbox="788 1382 1422 1447">✓ propose the grant of 16,800,000 share options to directors and employees</li> </ul> <p data-bbox="788 1451 1305 1476">薪酬委員會為了下述目的在本年度召開了五次會議：</p> <ul style="list-style-type: none"> <li data-bbox="788 1487 1123 1512">✓ 省覽保華獎勵計劃的最新情況</li> <li data-bbox="788 1525 1422 1588">✓ 批准保華行政人員及僱員（包括高級管理層但不包括董事總經理）的2006年薪酬檢討</li> <li data-bbox="788 1599 1422 1664">✓ 考慮制定關鍵績效指標（尤其是高級行政人員的績效指標），以實施自我推動/管理獎勵機制</li> <li data-bbox="788 1675 1422 1740">✓ 批准及向董事局推薦羅兵咸永道建議之獎賞策略作為集團獎賞政策的必需部分</li> <li data-bbox="788 1751 1168 1776">✓ 審議及批准董事總經理的薪酬計劃</li> <li data-bbox="788 1787 1422 1852">✓ 確實並制定組成董事總經理薪酬待遇的可變花紅部分及股份基礎部份之詳細機制及計算基準</li> <li data-bbox="788 1863 1401 1888">✓ 建議董事酬金數額，供股東在2006年股東週年大會上批准</li> <li data-bbox="788 1899 1350 1924">✓ 建議向副主席兼董事總經理批授13,800,000份購股權</li> <li data-bbox="788 1935 1257 1960">✓ 建議批授16,800,000份購股權予董事及僱員</li> </ul>

**Key Principles / Provisions / Practices in the Code**

《守則》內之主要原則 / 條文 / 常規

**Met?**

是否已符合？

**How PYI Adopted ?**

保華如何採用？

**Nomination of Directors** 董事提名

Nomination Committee 提名委員會

<ul style="list-style-type: none"> <li>• Clear authority and duties 明確權限及職責</li> </ul>	<p>✓</p>	<p><b>Role and Function</b> 角色與職能</p> <ul style="list-style-type: none"> <li>➤ Lead the process for Board appointments 啟動董事局的任命程序</li> <li>➤ Identify and nominate for the approval of the Board candidates for appointment to the Board 物色及提名董事候選人供董事局批准委任</li> <li>➤ Assess the independence of INEDs 評核獨立非執行董事的獨立性</li> <li>➤ Make recommendations to the Board on relevant matters relating to the appointment or re-appointment of directors and succession planning for directors, in particular the Chairman and the Managing Director 向董事局提出與董事委任或重新委任，以及董事（尤其是主席與董事總經理）繼任計劃有關的建議</li> </ul>																		
<ul style="list-style-type: none"> <li>• Majority of members of independent non-executive directors 大部分成員為獨立非執行董事</li> </ul>	<p>✓</p>	<table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: left;"><b>Composition</b> 組成</th> <th style="text-align: right;"><b>Meetings Attended / Held</b> 出席 / 舉行會議次數</th> </tr> </thead> <tbody> <tr> <td colspan="2">➤ <b>Independent Non-Executive Directors</b> 獨立非執行董事</td> </tr> <tr> <td>Dr Chow Ming Kuen, Joseph (Chairman) 周明權博士（主席）</td> <td style="text-align: right;"><b>2/2</b></td> </tr> <tr> <td>Mr Kwok Shiu Keung, Ernest 郭少強先生</td> <td style="text-align: right;"><b>2/2</b></td> </tr> <tr> <td>Mr Chan Shu Kin (Alternate to Mr Kwok Shiu Keung, Ernest) 陳樹堅先生（替任郭少強先生）</td> <td></td> </tr> <tr> <td colspan="2">➤ <b>Executive Director</b> 執行董事</td> </tr> <tr> <td>Mr Lau Ko Yuen, Tom 劉高原先生</td> <td style="text-align: right;"><b>2/2</b></td> </tr> <tr> <td colspan="2">➤ <b>Non-Executive Director</b> 非執行董事</td> </tr> <tr> <td>Dr Chan Kwok Keung, Charles (Alternate to Mr Lau Ko Yuen, Tom) 陳國強先生（替任劉高原先生）</td> <td></td> </tr> </tbody> </table>	<b>Composition</b> 組成	<b>Meetings Attended / Held</b> 出席 / 舉行會議次數	➤ <b>Independent Non-Executive Directors</b> 獨立非執行董事		Dr Chow Ming Kuen, Joseph (Chairman) 周明權博士（主席）	<b>2/2</b>	Mr Kwok Shiu Keung, Ernest 郭少強先生	<b>2/2</b>	Mr Chan Shu Kin (Alternate to Mr Kwok Shiu Keung, Ernest) 陳樹堅先生（替任郭少強先生）		➤ <b>Executive Director</b> 執行董事		Mr Lau Ko Yuen, Tom 劉高原先生	<b>2/2</b>	➤ <b>Non-Executive Director</b> 非執行董事		Dr Chan Kwok Keung, Charles (Alternate to Mr Lau Ko Yuen, Tom) 陳國強先生（替任劉高原先生）	
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<ul style="list-style-type: none"> <li>Formal appointment procedure 正式委任程序</li> </ul>	✓	<p><b>Nomination Procedures, Process and Criteria</b> 提名程序，過程以及準則</p> <p>➤ The process for the Board appointments in PYI is principally led by the Nomination Committee. 保華董事局任命的機制，主要由提名委員會啟動。</p> <p>Nomination Committee makes recommendations to the Board regarding any proposed changes 提名委員會就任何擬作變動向董事局提出建議</p> <p>Nomination Committee identifies individuals suitably qualified to become Board members 提名委員會物色具備合適資格可擔任董事的人</p> <p>Nomination Committee selects, or makes recommendations to the Board on the selection of persons nominated for directorships 提名委員會向董事局提名及推薦有關人士出任董事</p> <p>The Board makes formal invitation to person selected for appointment to the Board 董事局向獲挑選人士發出委任董事的正式邀請函</p>
		<p><b>Summary of Work Performed</b> 工作摘要</p> <p>➤ The Nomination Committee held two meetings during the period for the following purposes:</p> <ul style="list-style-type: none"> <li>✓ recommend to the Board for the appointment of Mr Leung Po Wing, Bowen Joseph as INED, having assessed his independence</li> <li>✓ nominate retiring directors for re-election by shareholders at 2006 AGM</li> <li>✓ review and assess individual INEDs' annual confirmation of independence declared pursuant to Rule 3.13 of the Listing Rules</li> <li>✓ recommend to the Board for the appointment of Mr Li Chang An as INED, having assessed his independence</li> </ul> <p>提名委員會為了下述目的在本年度召開了兩次會議：</p> <ul style="list-style-type: none"> <li>✓ 向董事局推薦委任梁寶榮先生為獨立非執行董事，並對其獨立性作出判斷</li> <li>✓ 提名退任董事在2006年股東週年大會上膺選連任</li> <li>✓ 審閱及評核獨立非執行董事按照《上市規則》第3.13條所申報之年度獨立性確認函</li> <li>✓ 向董事局推薦委任李昌安先生為獨立非執行董事，並對其獨立性作出判斷</li> </ul>

Key Principles / Provisions / Practices in the Code 《守則》內之主要原則 / 條文 / 常規	Met? 是否已符合？	How PYI Adopted ? 保華如何採用？
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**Accountability** 問責與核數  
Audit Committee 審核委員會

<ul style="list-style-type: none"> <li>• Clear authority and duties 明確權限及職責</li> </ul>	✓	<p><b>Role and Function</b> 角色與職能</p> <ul style="list-style-type: none"> <li>➤ Appoint external auditors 委任外聘核數師</li> <li>➤ Review the Group's financial information 審閱集團財務資料</li> <li>➤ Oversee the Group's reporting system and internal control procedures 監管集團申報制度和內部監控程序</li> <li>➤ Review the interim and final results of the Group prior to recommending them to the Board for approval 在提交給董事局批准之前審閱中期和年終業績</li> <li>➤ Meet regularly to review financial reporting and internal control matters and to this end has unrestricted access to both the Company's external and internal auditors 定期開會審閱財務申報和內部監控事宜，為此目的委員會可無阻地跟本公司外聘及內部核數師取得聯繫</li> </ul>																
<ul style="list-style-type: none"> <li>• Majority of members of independent non-executive directors 大部分成員為獨立非執行董事</li> </ul>	✓	<table border="1"> <thead> <tr> <th>Composition 組成</th> <th>Meetings Attended / Held 出席 / 舉行會議次數</th> </tr> </thead> <tbody> <tr> <td colspan="2">➤ <b>Independent Non-Executive Directors</b> 獨立非執行董事</td> </tr> <tr> <td>Mr Chan Shu Kin* (Chairman) 陳樹堅先生* (主席)</td> <td style="text-align: right;">7/7</td> </tr> <tr> <td>Dr Chow Ming Kuen, Joseph 周明權博士</td> <td style="text-align: right;">7/7</td> </tr> <tr> <td>Mr Kwok Shiu Keung, Ernest 郭少強先生</td> <td style="text-align: right;">7/7</td> </tr> <tr> <td>Mr Leung Po Wing, Bowen Joseph ^ 梁寶榮先生 ^</td> <td style="text-align: right;">6/6</td> </tr> <tr> <td colspan="2">* Mr Chan is a CPA with extensive experience in auditing, accounting and financial management services. 陳先生現為一名執業會計師，在核數、會計及財務管理服務方面積逾豐富經驗。</td> </tr> <tr> <td colspan="2">^ Mr Leung Po Wing, Bowen Joseph was appointed member of the Audit Committee on 1 August 2006. 梁先生於2006年8月1日獲委任為審核委員會成員。</td> </tr> </tbody> </table>	Composition 組成	Meetings Attended / Held 出席 / 舉行會議次數	➤ <b>Independent Non-Executive Directors</b> 獨立非執行董事		Mr Chan Shu Kin* (Chairman) 陳樹堅先生* (主席)	7/7	Dr Chow Ming Kuen, Joseph 周明權博士	7/7	Mr Kwok Shiu Keung, Ernest 郭少強先生	7/7	Mr Leung Po Wing, Bowen Joseph ^ 梁寶榮先生 ^	6/6	* Mr Chan is a CPA with extensive experience in auditing, accounting and financial management services. 陳先生現為一名執業會計師，在核數、會計及財務管理服務方面積逾豐富經驗。		^ Mr Leung Po Wing, Bowen Joseph was appointed member of the Audit Committee on 1 August 2006. 梁先生於2006年8月1日獲委任為審核委員會成員。	
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Key Principles / Provisions / Practices in the Code 《守則》內之主要原則 / 條文 / 常規	Met? 是否已符合？	How PYI Adopted ? 保華如何採用？
		<p><b>Summary of Work Performed</b> 工作摘要</p> <p>➤ The Audit Committee reviewed, considered and approved the following matters in seven meetings held during the year:</p> <ul style="list-style-type: none"> <li>✓ unaudited interim consolidated financial statements and audited annual consolidated financial statements of the Group with a recommendation to the Board for approval</li> <li>✓ the terms of engagement and remuneration of external auditors</li> <li>✓ connected transactions of the Group</li> <li>✓ appointment of independent consultant in connection with the high-level review of the Group’s internal control system</li> <li>✓ presentation of COSO Internal Control Framework Diagnostic Review by independent consultant</li> <li>✓ results on risk assessment workshop presented by independent consultant</li> <li>✓ internal control and risk management measures</li> </ul> <p>審核委員會在年內所舉行的七次會議中已審閱、考慮、批准以下事項：</p> <ul style="list-style-type: none"> <li>✓ 集團未經審核的中期綜合財務報表和經審核的年度綜合財務報表，並建議董事局通過</li> <li>✓ 外聘核數師的聘任條款及酬金</li> <li>✓ 集團的關連交易</li> <li>✓ 聘任獨立顧問進行有關集團內部監控系統之高層次審閱</li> <li>✓ 獨立顧問奉呈COSO內控框架診斷性審閱</li> <li>✓ 獨立顧問奉呈風險評估研討會結果</li> <li>✓ 內部監控及風險管理措施</li> </ul>

Directors’ Responsibility for the Consolidation Financial Statements 董事對綜合財務報表的責任

<ul style="list-style-type: none"> <li>• Directors’ responsibility for preparing the accounts 董事的編製賬目責任</li> </ul>	✓	<p>➤ The directors acknowledge their responsibility for preparing the consolidated financial statements of the Group and of ensuring that the preparation of the consolidated financial statements of the Group is in accordance with the statutory requirements and applicable standards.</p> <p>董事確認有責任編制本集團綜合財務報表，並確保在編制本集團綜合財務報表時按照法定規則和合適的準則。</p>
<ul style="list-style-type: none"> <li>• Auditors’ reporting responsibility in the auditors’ report 核數師在核數師報告中的申報責任</li> </ul>	✓	<p>➤ The statement of the Company’s auditors concerning their reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor’s Report on pages 104 and 105 of this annual report.</p> <p>核數師就本集團綜合財務報表發表有關其申報責任的聲明，載列於本年報第104及105頁獨立核數師報告中。</p>

**Key Principles / Provisions / Practices in the Code**

《守則》內之主要原則 / 條文 / 常規

**Met?**

是否已符合？

**How PYI Adopted ?**

保華如何採用？

**Internal Control 內部監控**

- At least annually conduct a review of the effectiveness of the system of internal control covering all material controls, including financial, operational and compliance controls and risk management functions

最少每年檢討一次內部監控系統的成效，須涵蓋所有重要的監控措施，包括財務監控、運作監控及合規監控以及風險管理功能

➤ The Group has developed its system of internal control by reference to the definition and framework of the Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in the United States in 1992.

本集團已參考美國內部控制研究委員會於1992年編制之內部監控綜合框架，制定其內部監控系統。

➤ The Board acknowledges its responsibilities to establish, maintain, and review the effectiveness of the Group's system of internal control to ensure that shareholders' investment and PYI's assets are safeguarded.

董事局確認其對內部監控系統的設置、維護及檢討其成效性的責任，以保障股東的投資及保華資產的安全。

➤ Management is charged with the responsibility to design and implement the internal control system of the Group to achieve the following business objectives:

- ✓ Effectiveness and efficiency of operations
- ✓ Reliability of financial reporting
- ✓ Compliance with applicable laws and regulations.

管理層負責設計及執行本集團的內部監控系統，以達致下述業務目標：

- ✓ 有效用及有效率的運作
- ✓ 可信賴的財政匯報
- ✓ 遵守適用法規

➤ Such system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and that it aims to provide a reasonable, as opposed to an absolute, assurance in this respect.

此系統旨在管理而非消除導致業務目標失敗的風險，因此，此系統僅是提供一個合理而非絕對的保證。

➤ The Audit Committee performs review of the effectiveness of Group's system of internal control and reports to the Board regularly. This review covers material controls including financial, operational and compliance controls, and risk management systems.

審核委員會定期對本集團內部監控系統之有效性作出檢討並向董事局匯報。此檢討涵蓋重要的監控措施，包括財務監控、運作監控、合規監控以及風險管理功能。

<b>Key Principles / Provisions / Practices in the Code</b> 《守則》內之主要原則 / 條文 / 常規	<b>Met?</b> 是否已符合？	<b>How PYI Adopted ?</b> 保華如何採用？
		> In respect of the year ended 31 March 2007, the Board is satisfied as to the overall effectiveness and adequacy of the Group's system of internal control. 至截至2007年3月31日止年度，董事局對於本集團內部監控系統的總體成效性及充份性表示滿意。 > Steps are in place to enhance the Group's system of internal control so as to support the Group's further growth. 我們已適當地制定了步驟加強本集團的內部監控措施，以支援公司未來的增長。
<ul style="list-style-type: none"> <li>The process applied for identifying, evaluating and managing the significant risks faced                              辨認、評估及管理要面對的重大風險所採取的程序</li> </ul>	✓	> In November 2006, senior management of the Group, assisted by external consultant, conducted a formal risk assessment to identify the key risks at group level and to ensure appropriate risk management measures are in place. 本集團高級管理層於2006年11月，在外聘顧問的協助下，進行了一次風險評估的工作，以確認集團層面的關鍵風險及檢討有關的風險管理措施。 > The identified key risks have been evaluated and action plans are developed and implemented to mitigate those risks. 針對確認的關鍵風險，管理層已制定及展開減低此等風險的行動計劃。 > The group is in the process of finalizing a group-wide risk assessment methodology and a Group Risk Assessment Guideline is under development. 本集團正在制定風險評估標準及方法，同時集團的風險評估手冊亦在擬定中。 > In the coming year, business units will perform risk assessment using the Group Risk Assessment Guideline. 項目公司將於下一年度使用集團的風險評估手冊以進行其公司層面的風險評估。

<b>Key Principles / Provisions / Practices in the Code</b> 《守則》內之主要原則 / 條文 / 常規	<b>Met?</b> 是否已符合？	<b>How PYI Adopted ?</b> 保華如何採用？
<ul style="list-style-type: none"> <li>Additional information to assist understanding of the issuer's risk management process and system of internal control                有助了解風險管理程序及內部監控系統的額外資料</li> </ul>	✓	<ul style="list-style-type: none"> <li>During the year ended 31 March 2007, external consultant has been engaged to perform internal control system review and development (such as the development of standard operating procedures and human resources management system) for some the Group's major investments in mainland China. Some of these systems have been set up and procedures were rolled-out.                於截至2007年3月31日止年度，我們已委聘外界顧問，就部份本集團在中國內地的主要投資，進行內部監控系統審閱及制定的工作（例如制定運作的準則、程序以及人力資源管理系統），若干系統及程序經已制定及展開。</li> <li>A roadmap of internal control and risk management of the Group covering the period up to the year ended March 2008 has also been developed and reviewed and approved by the Audit Committee.                涵蓋至2008年3月止年度的內部監控及風險評估路線圖經已制定並經由審核委員會作出審閱。</li> </ul>
<ul style="list-style-type: none"> <li>Process that has applied in reviewing the effectiveness of the system of internal control                檢討內部監控系統成效的程序</li> </ul>	✓	<ul style="list-style-type: none"> <li>During the year ended March 2007, Control Self Assessment Questionnaires together with reports provided by external consultant in various internal control review assignments have formed the basis for the Audit Committee in evaluating the effectiveness of the Group's internal control system.                於截至2007年3月止年度，透過《內部控制—自行調查問卷》連同外聘顧問就內部監控檢討範疇所提供的報告，為審核委員會構建了評估本集團內部監控系統成效的準則。</li> <li>An external consultant was engaged to benchmark the system of internal control to the COSO Internal Control Framework and identify improvement opportunities.                已外聘顧問為集團的內部監控框架進行與COSO內部監控框架的差距分析並確認改進機會。</li> <li>Remediation action to rectify the gaps and control weaknesses identified in these assessments and reviews were developed and implemented.                我們已就矯正有關評估及審閱中確認的差異及監控弱點，制定及展開了改善方案。</li> </ul>

<b>Key Principles / Provisions / Practices in the Code</b> 《守則》內之主要原則 / 條文 / 常規	<b>Met?</b> 是否已符合？	<b>How PYI Adopted ?</b> 保華如何採用？
<ul style="list-style-type: none"> <li>Annual review the need for an internal audit function 每年檢討增設內部核數功能的需要</li> </ul>	✓	>> Management is aware of the need of setting up an internal audit function within the Group and is in the process of setting up an in-house internal audit function. External consultants have been engaged to perform internal audit co-sourcing services for the Group.  管理層意識到組建本集團內部審計職能的需要，已致力籌建內部審計職能部門。我們已外聘顧問，為本集團提供內部審計服務。
<ul style="list-style-type: none"> <li>Disclose the meaningful information 披露有意義的資訊</li> </ul>	✓	<div style="background-color: #00a651; color: white; padding: 5px;"><b>Way Forward</b> 展望未來</div> >> As a continuous process on improving the Group's system of internal control, several initiatives are being undertaken or under consideration, in particular: <ul style="list-style-type: none"> <li>✓ develop in-house internal audit function to assist the Audit Committee in overseeing the effectiveness and the efficiency of the internal control system</li> <li>✓ develop of the Enterprise Risk Management framework to facilitate the management of the wider range of risks across the Company and its subsidiaries</li> <li>✓ conduct risk assessment at business units to ensure major risks are identified and managed appropriately</li> <li>✓ use "management by exceptions" approach to improve our management reporting system. Key performance indicators will be developed and used more extensively in the reporting system</li> <li>✓ further enhance of internal communication through system automation and extension of the use of the Group's executive information system</li> </ul> 我們為了不斷完善本集團的內部監控系統，已特別著手進行或者考慮多方面措施： <ul style="list-style-type: none"> <li>✓ 組建企業內部審計職能部門，協助審核委員會監察內部監控系統的成效及效率</li> <li>✓ 制定企業風險管理框架，以協助管理本公司及其附屬公司所面對的風險</li> <li>✓ 展開項目公司的風險評估工作以確認及有效管理其主要的風險</li> <li>✓ 應用「例外管理」方式，以改善我們管理層匯報制度。我們會制定關鍵績效指標，並將之廣泛應用在匯報制度中</li> <li>✓ 通過系統自動化進一步提升內部溝通，並廣泛使用本集團的行政資訊系統</li> </ul>

**Key Principles / Provisions / Practices in the Code**

《守則》內之主要原則 / 條文 / 常規

**Met?**

是否已符合？

**How PYI Adopted ?**

保華如何採用？

External Auditors 外聘核數師

- Analysis of auditors' remuneration  
核數師酬金分析



➤ Deloitte Touche Tohmatsu has been re-appointed as the Company's external auditors at the 2006 AGM until the conclusion of the next annual general meeting.

德勤•關黃陳方會計師行已於2006年股東週年大會上重新任命為本公司外聘核數師，直到下一年度股東週年大會結束為止。

➤ In order to maintain independence, Deloitte Touche Tohmatsu is primarily responsible for providing audit services in connection with the Group's consolidated financial statements, and only provides as well as non-audit services that do not impair their independence or objectivity and are approved by the Audit Committee.

為了保持其獨立性，德勤•關黃陳方會計師行主要負責就本集團綜合財務報表提供核數服務，以及不會損害其獨立性或客觀性、並經由審核委員會批准的非審計服務。

➤ For the year ended 31 March 2007, the remuneration paid or payable to Deloitte Touche Tohmatsu for audit and non-audit services (and the comparative figure for the year ended 31 March 2006) is set out as follows:

截至2007年3月31日止年度，已付或應付予德勤•關黃陳方會計師行的核數及非核數服務酬金（連同截至2006年3月31日止年度的比較數字）載列如下：

	2007	2006
Services Rendered	HK\$'000	HK\$'000
提供的服務	千港元	千港元
Audit services	<b>6,576</b>	3,914
核數服務		
Non-audit services		
非核數服務		
Taxation advisory	<b>231</b>	867
稅務諮詢		
Special engagements	<b>1,773</b>	1,416
特定委聘		
<b>Total 總額</b>	<b>8,580</b>	6,197



**Additional Practices on Corporate Governance in PYI**

保華企業管治的增設常規

Compliance Committee 法規委員會



**Role and Function**

角色與職能

- Oversee the Company's compliance with the legal and regulatory requirements of its business operations  
監管本公司在其商業運作上對法律及管治規定的遵循
- Review and approve the Company's code of conduct and/or business ethics, policies and prevailing corporate governance practices and standards, and oversee their implementation and compliance  
批閱本公司的行為守則及/或商業操守、政策及現行企業管治常規和準則，並監察它們的實施及遵守情況

**Composition**

組成

**Meetings Attended / Held**

出席 / 舉行會議次數

<ul style="list-style-type: none"> <li>➤ <b>Independent Non-Executive Directors</b> <b>獨立非執行董事</b> Dr Chow Ming Kuen, Joseph (Chairman) 周明權博士（主席） Mr Kwok Shiu Keung, Ernest 郭少強先生 Mr Chan Shu Kin 陳樹堅先生</li> <li>➤ <b>Corporate Counsel and Company Secretary</b> <b>集團律師兼公司秘書</b> Ms Wong Lai Kin, Elsa 黃麗堅女士</li> </ul>	<p><b>3/3</b></p> <p><b>3/3</b></p> <p><b>3/3</b></p> <p><b>3/3</b></p>
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**Summary of Work Performed**

工作摘要

- The Compliance Committee held three meetings during the year to review:
  - ✓ Corporate Governance Report for the year ended 31 March 2006
  - ✓ quarterly updated compliance reports submitted by the Company Secretary
 法規委員會在年內舉行了三次會議以審閱：
  - ✓ 截至2006年3月31日止年度之企業管治報告
  - ✓ 公司秘書奉呈的季度更新常規遵從報告

## Additional Practices on Corporate Governance in PYI

### 保華企業管治的增設常規

#### Share Repurchase Committee 股份回購委員會

✓	<p><b>Role and Function</b> 角色與職能</p> <p>➤ Exercises the general mandate granted by shareholders to the Board to repurchase shares of PYI in accordance with the Listing Rules, PYI's bye-laws and the applicable laws of Bermuda 根據《上市規則》、保華公司細則以及百慕達適用法律，行使股東授權董事局回購保華股份權力</p>						
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	<p><b>Summary of Work Performed</b> 工作摘要</p> <p>➤ The Share Repurchase Committee met on one occasion during the year for the purpose of granting a mandate to the Managing Director to repurchase shares under an initial approved budget of not more than HK\$10 million in total value. 股份回購規委員會在年內舉行了一次會議，授予董事總經理一項授權，初步批准預算回購合共不多於1,000萬港元價值之股份。</p>						

#### Compliance with Model Code by Senior Management 高級管理層遵守《標準守則》

✓	<p>➤ Senior management (whose biographies are set out on pages 50 to 55 of this annual report) are subject to the Model Code with respect to the notification and reporting requirements to the Company for dealings in PYI's securities and the prohibitions to deal. 高級管理層（於本年報第50至55頁列載其履歷之人士），須遵守《標準守則》中關於向公司通知及申報買賣保華證券的規則，以及禁止進行買賣的規定。</p> <p>➤ Senior management have all confirmed, following specific enquiry by the Company, that throughout the year ended 31 March 2007 they complied with the standard set out in the Model Code. 根據本公司的具體查詢，全體高級管理層均已確認在截至2007年3月31日止年度一直有遵守《標準守則》列載之標準。</p>
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Additional Practices on Corporate Governance in PYI

保華企業管治的增設常規

Maintaining Close Communications with Investors 與投資者保持密切聯繫



➤ The Group's senior management maintains close communications with investors, analysts, fund managers and the media by various channels, including roadshows, individual interviews, media briefings and news releases.

本集團高級管理層與投資者、分析家、基金經理以及媒體透過路演、個人訪談、新聞發布會和新聞稿等多種渠道，保持密切聯繫。本集團亦對公眾的資訊查詢及諮詢作出回應。

➤ The Group also responds to requests for information and queries from the general public.

本集團亦對公眾的資訊查詢及諮詢作出回應。

➤ Our Board welcomes the views of shareholders on matters affecting the Group and encourages shareholders to attend shareholders' meetings to directly voice any concerns they might have to our directors.

董事局歡迎股東就有關本集團事項提出見解，鼓勵股東參加股東大會就其關心的任何問題與我們的董事直接交流。

Corporate Social Responsibility (CSR)

While striving for the sustainable development of our business and maximising shareholder value, as a responsible corporate citizen PYI has never lost sight of the importance of contributing to the common good.

Our CSR initiatives cover many social fronts such as environmental protection. To promote the use of LPG as a clean and energy-saving fuel to substitute fossil fuel, through Hubei Minsheng LPG we have sponsored the Taxi Industry Association in Wuhan to launch a local TV programme aimed at fostering a good sense of environmental protection among taxi drivers.

企業社會責任

在力求業務可持續發展並盡力增進股東利益的同時，作為負責任的企業公民，保華從未忽略貢獻社會的重要性。

我們的企業社會責任措施落實到不同社會層面，其中包括環境保護。為推廣使用液化石油氣作為節能而潔淨的能源，以取代化石類燃料，我們通過屬下湖北民生石油贊助武漢市出租汽車協會的電視節目，以提高當地的士司機的環保意識。

To minimize adverse impact on the surrounding community around our project site, PYI has installed a comprehensive range of environmental protection facilities in place at Yangkou Port including sewage collection-discharge and waste disposal systems, as well as urban ecological and environmental protection systems, to name but a few examples. Such ongoing promotional efforts have been successful in raising the profile of PYI as an environment-friendly investor on the Mainland.

Realizing that education of the younger generation is indispensable for the further development of the society, we set the all-important education sector as a priority. An array of educational sponsorship programmes for Mainland schools have been established. Since early 2007, we have sponsored study tours for distinguished secondary students in Nantong and Wuhan to Hong Kong and Macau. The cross border visits and exchanges have afforded those students an opportunity to broaden their horizons and accumulate international perspectives to their studies. We will continue to explore collaborative opportunities with other educational organizations for more programmes alike.

Promoting sports activities is an important way to contribute to the health of the general public. To further support the development of local sports, PYI has sponsored such major sporting events as the 16th Jiangsu Provincial Games, held in October 2006. It was an honour for PYI to be invited as the Official Partner to this prestigious event.

Looking ahead, we remain firmly committed to fulfilling our social responsibilities by conducting our business as a responsible corporate citizen and giving back to the community.

By Order of the Board

**Wong Lai Kin, Elsa**  
Company Secretary

Hong Kong, 20 July 2007

為盡量減低我們項目施工地點對環境造成的影響，保華已在洋口港裝置多種環保設施，其中包括污水收集及排放與廢料處理系統，以及城市生態及環保系統。凡此種種持續推廣環保的措施，已在內地為保華建立起環保投資者的鮮明形象。

教育對培育下一代至為重要，因此我們將教育列為優先重點，與內地教育機關共同制定一系列教育贊助計劃。自2007年年初起，我們先後贊助南通市與武漢市優秀中學生到香港與澳門進行交流學習，增廣見聞之餘，亦為內地同學在學習上擴闊國際視野。我們今後將繼續發掘與其他教育機構進行同類合作的機會。

推廣體育運動是促進市民健康的重要途徑，為進一步支持內地體運，保華積極贊助各項體壇盛事，例如2006年10月舉行的江蘇省第十六屆運動會，保華更榮獲邀請作是次盛會的合作夥伴之一。

展望將來，我們將以負責任企業公民原則營商並回饋社會，克盡我們的社會責任。

承董事局命

公司秘書  
**黃麗堅**

香港，2007年7月20日