

CORPORATE GOVERNANCE REPORT

企業管治報告

MAKING CORPORATE GOVERNANCE A PART OF PYI CULTURE

PYI Corporation Limited (“PYI” or the “Company”, together with its subsidiaries, the “Group”) is committed to upholding high standards of corporate governance and strives to ensure that our strong ethos of corporate governance permeates the entire organization and the way we conduct business.

Corporate governance has had a significant influence on PYI’s development, indeed, helping shape the Group to its present form. To ensure that corporate governance is part of corporate culture, we have begun compiling a corporate governance manual that provides staff at every level with a thorough understanding of policies and procedures relating to this important concern. As well, the management of subsidiaries in the Mainland also receive corporate governance training, thus ensuring that all our members are fully aware of their responsibilities.

For the year ended 31 March 2008, PYI has applied the principles and complied with all the applicable code provisions of the Code on Corporate Governance Practices 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”).

Moreover, 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, going so far as applying the Model Code to senior management. According to specific enquiries made by PYI, all directors and senior management of PYI have confirmed their compliance with the required standard set out in the Model Code throughout the year under review.

We report below on the corporate governance principles and practices adopted by the Group.

企業管治植根保華文化

保華集團有限公司(「保華」或「本公司」，連同其附屬公司稱「集團」)致力保持很高的企業管治標準，我們務求讓企業管治文化茁長至遍及整個企業，貫徹在經商處事之上。

企業管治對保華的發展有著舉足輕重的影響，事實上，在構塑集團至現時的模式，企業管治實在功不可沒。為求企業管治能植根在企業文化，我們已開始編制一本企業管治手冊，使各級別的員工對重要政策及程序的問題有一個全面性的了解。同時，我們亦有為內地子公司的管理層提供企業管治培訓，這樣我們所有的成員便可確切地知悉他們的責任。

截至2008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》之原則及所有適用條文。

同時，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》)作為集團董事在買賣保華證券時所需遵守之守則，而《標準守則》亦適用於高級管理層。根據保華的具體查詢，全體保華董事及高級管理層均確認在本年度一直有遵守《標準守則》列載之所需標準。

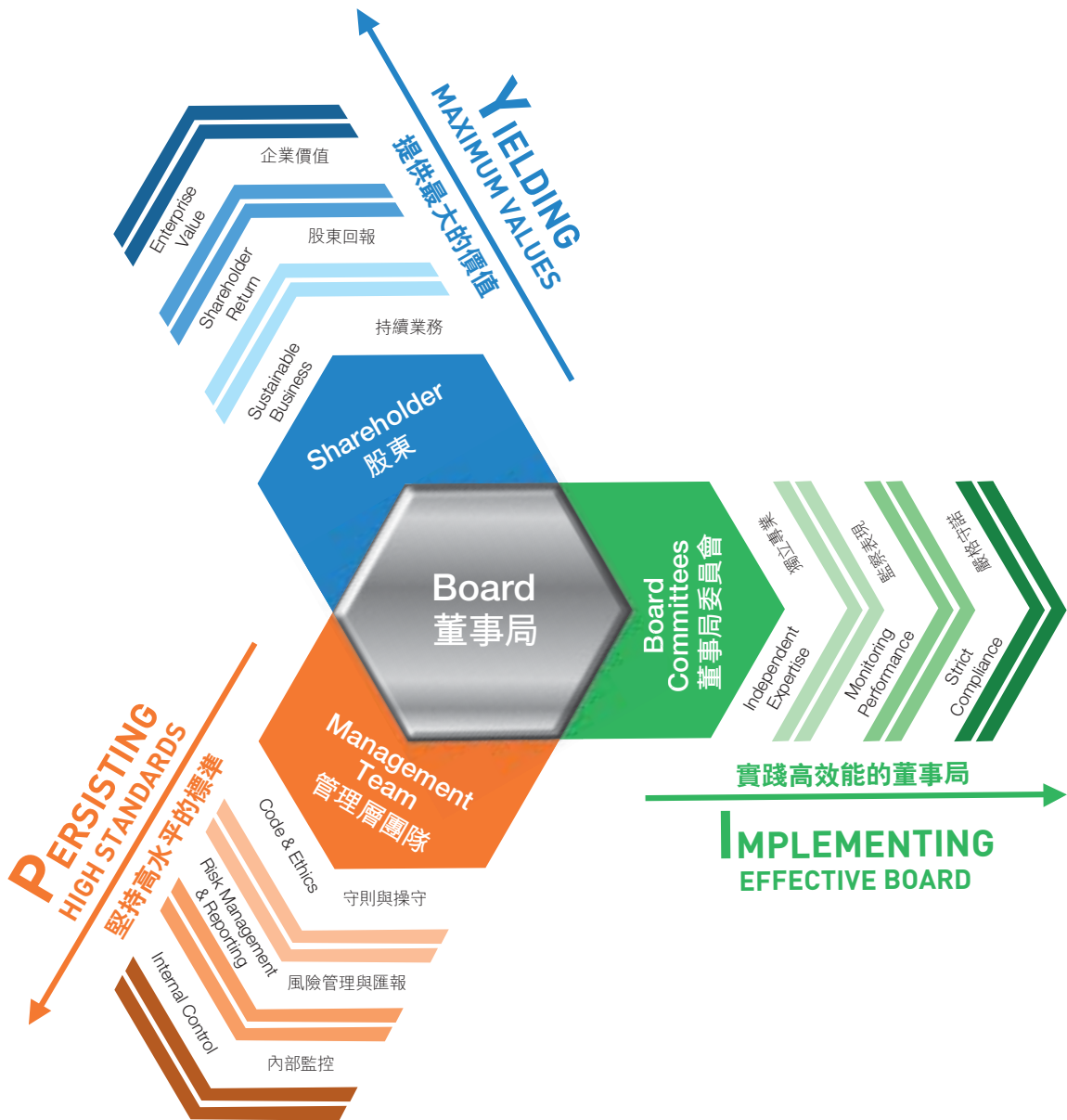
我們將在下文概述集團所採用的企業管治原則和常規。

CORPORATE GOVERNANCE FRAMEWORK

Building a high-impact governance structure

企業管治架構

建構一個高瞻遠矚的管治架構



SHAREHOLDERS

Protecting shareholder interests is paramount

ENSURING EQUITABLE TREATMENT

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.

To enhance transparency of meeting procedures as well as ensuring all shareholders have a fair say in the running of the Company, since 2006, voting on resolutions put forward at all PYI's general meetings (including the annual general meeting ("AGM") held on 20 September 2007 ("2007 AGM")) has been conducted by way of poll. All poll results will be published and posted on the websites of PYI and of the Stock Exchange.

股東

保障股東利益是最為重要

確保一視同仁

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。

為了加強會議進行方式的透明度，亦為確保所有股東在本公司營運方面有公平決定權，自2006年起，保華的所有股東大會（包括於2007年9月20日舉行的股東週年大會（「2007年股東週年大會」）的決議案均按投票方式表決，投票的結果亦會在保華網站和聯交所網站上刊載。

SUMMARY OF GENERAL MEETINGS HELD DURING THE YEAR

在本年度舉行的股東大會摘要

2007 AGM 2007年股東週年大會	% of Votes Cast For 贊成票數的比率
✓ Approval of the 2007 audited accounts 通過2007年的經審核賬目	100%
✓ Approval of the 2007 final dividend of HK1.5 cents each 通過2007年每股1.5港仙的末期股息	100%
✓ Re-election of Mr Lau Ko Yuen, Tom, Mr Chan Shu Kin and Mr Li Chang An as directors (by separate resolutions) 重選劉高原先生、陳樹堅先生及李昌安先生為董事（以獨立決議案的方式進行）	100%
✓ Approval of directors' fees in aggregate amount of not exceeding HK\$4,000,000 per annum for all directors 通過給予全體董事總額不予超過每年4,000,000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 mandate to directors to issue additional shares 給予董事發行股份的一般授權	95%
✓ Grant of general mandate to directors to repurchase shares 給予董事回購股份的一般授權	100%
✓ Refreshment of 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出購股權之10%限額	100%
Special General Meeting held on 4 January 2008 於2008年1月4日舉行的股東特別大會	
✓ Grant of a RMB1 billion mandate to the Board to proceed with acquisition of further equity interest in Nantong Port Group Limited 頒授一項人民幣10億元授權予董事局以進行收購南通港口集團有限公司之額外權益	100%

MAINTAINING EFFICIENT SHAREHOLDER COMMUNICATIONS AND PARTICIPATION

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.

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 website – www.pyicorp.com.

PYI regards its shareholders' meetings as valuable forum for shareholders to raise comments and exchange views with the Board.

All directors and senior management will make an effort to attend shareholders' meetings and address queries from shareholders.

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 the Managing Director.

Moreover, simultaneous translations have been arranged during general meetings, providing language support in English, Cantonese and Putonghua, thereby catering to the needs of those fluent in one of the three languages.

維繫有效益的股東溝通及參與

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。

保華透過刊發年度及中期報告、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。

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臺。

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。

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、而由總裁演說的「總裁報告」環節。

另外，我們已在股東大會中安排英語、廣東話及普通話的即時傳譯服務，迎合操不同流利語言股東的需要。

BOARD OF DIRECTORS

Building effective board is key to good corporate governance

PROVIDING RESPONSIBLE AND EFFICIENT LEADERSHIP

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.

The Board, led by the Chairman, approves and monitors group-wide strategies and policies, evaluates the performance of the Group and supervises the management.

To enhance efficiency, the Board has delegated the Managing Director and subsidiary individual boards the day-to-day leadership and management of the Group. 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.

董事局

建構高效能的董事局是達至良好企業管治的關鍵

給予負責任及有效率的領導

董事局的主要角色是為確保和提升股東之長遠利益，肩負給予既有效又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。

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，以及監察管理層的工作。

為強化效率，董事局已將集團日常領導及管理的權力，下放予總裁及子公司各個董事局負責。另一方面，管理層在總裁領導下，肩負管理和行政職能的責任，以及履行集團日常營運的職責。

SUMMARY OF SPECIFIC MATTERS RESERVED FOR THE BOARD

由董事局專責事務的摘要

- ✓ Financial reporting and control
財務匯報和監控
- ✓ Equity fund raising
資本籌措
- ✓ Recommendation/declaration of dividend or other distributions
股息或其他分派的建議或宣派
- ✓ Notifiable transactions under the Listing Rules
《上市規則》所述的須予公佈交易
- ✓ Capital reorganisation or other significant changes in the capital structure of the Group
資本重組或集團資本結構的其他重大改變

CREATING SUCCESS BY WAY OF INDEPENDENT GOVERNANCE

To ensure that the Group upholds its commitment to strong corporate governance, the Board's composition is largely made up of independent non-executive directors, at present, five out of seven.

以獨立的管治締造佳績

集團務求保持高水準的企業管治標準，董事局大部分由獨立非執行董事組成，至今全體七位董事中，五位是獨立非執行董事。

BOARD OF DIRECTORS 董事局

(as at the date of this report 於本報告之日)

5 Independent Non-Executive Directors 獨立非執行董事

Dr Chow Ming Kuen, Joseph 周明權博士 (*Chairman* 主席)
Mr Kwok Shiu Keung, Ernest 郭少強先生
Mr Chan Shu Kin 陳樹堅先生
Mr Leung Po Wing, Bowen Joseph 梁寶榮先生
Mr Li Chang An 李昌安先生



1 Executive Director 執行董事

Mr Lau Ko Yuen, Tom
劉高原先生
(*Deputy Chairman & Managing Director*
副主席兼總裁)



1 Non-Executive Director 非執行董事

Dr Chan Kwok Keung, Charles
陳國強博士

Biographical details of the above directors are set out on pages 52 to 55 of this annual report and are also available on PYI website – www.pyicorp.com.

The majority composition of independent non-executive directors (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.

For all newly appointed directors, a comprehensive and tailored induction programme is administered 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.

Further, as stipulated by PYI's bye-laws, each director (including non-executive director) is required to retire by rotation at least once every three years and thus seek re-election at the AGM; and any directors appointed during the year by the Board following the recommendation of the Nomination Committee stand for election at the first general meeting after their appointment.

上述各位董事的簡介詳情載於本年報的第52至55頁，有關資料亦已登載保華公司網站 – www.pyicorp.com。

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。

我們會正式給予所有新委任董事一個全面兼特為其而設的就任須知計劃，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，以及集團的業務和管治政策下的職責。

此外，依照保華之公司細則規定，每位董事(包括非執行董事)須至少每三年輪席退任一次，並可在股東週年大會上膺選連任；而任何在年內經提名委員會推薦後，由董事局委任的董事，均須在他們委任後的首次股東大會上接受選舉。

SUCCESSFUL RE-ELECTION AT 2007 AGM

順利在2007年股東週年大會上獲重選

Retired by rotation

輪席退任

Mr Lau Ko Yuen, Tom and Mr Chan Shu Kin 劉高原先生及陳樹堅先生

- ✓ a fixed term of approximately three years until the conclusion of the AGM to be held in 2010
任期約三年，直至2010年股東週年大會結束為止

Newly appointed

新委任

Mr Li Chang An 李昌安先生

- ✓ appointed by the Board on 8 January 2007
於2007年1月8日由董事局委任
- ✓ a fixed term of approximately three years until the conclusion of the AGM to be held in 2010
任期約三年，直至2010年股東週年大會結束為止

ENDEAVOURING TO STRONG INDEPENDENCE

In addressing the interest of shareholders, PYI has emphasised transparency and accountability. Fittingly, the Group's goal has been to conduct a business that is overseen by those with broad experience while maintaining objectivity and independent views. Endeavouring to clearly delineate positions of responsibility, the Chairman and Managing Director of PYI are held by two separate individuals.

堅守強大獨立性

為要照顧股東的利益，保華一直強化透明度與問責性，集團亦朝著這個目標，誠邀擁有廣泛經驗的人士在監督營商活動的同時，亦可給予客觀獨立的意見。為求清楚界定職位上的責任，分別由兩位不同人士擔當保華主席與總裁的職務。

	CHAIRMAN 主席	MANAGING DIRECTOR 總裁
Responsibilities 職責	<p>Dr Chow Ming Kuen, Joseph 周明權博士</p> <ul style="list-style-type: none"> ✓ To provide leadership to the Board 對董事局起領導作用 ✓ Responsible for overseeing the functioning of the Board 肩負監察董事局行使職責的責任 	<p>Mr Lau Ko Yuen, Tom 劉高原先生</p> <ul style="list-style-type: none"> ✓ To lead the management 領導管理層 ✓ 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

Each independent non-executive director 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，已根據《上市規則》向聯交所確認其獨立性。

On 18 July 2008, the Nomination Committee made an annual assessment on the independence of all independent non-executive directors based on their annual confirmation of independence declared pursuant to Rule 3.13 of the Listing Rules, and confirmed that each of these directors were able to meet the guidelines as set out in Rule 3.13 of the Listing Rules and continued to be independent.

Each of the Board members is totally unrelated to each other and with the senior management in every aspect including financial, business, or family.

Further, 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.

EMPHASIZING ACCOUNTABILITY THROUGH EFFECTIVE DELEGATION

In order to ensure that the Board plays an effective role in steering the Group based on the interest of shareholders, a schedule of meetings to be conducted within a year are issued well in advance to all members, thus well-organised for more participation. Within the year, 11 board meetings were held of which 2 were convened to discuss and consider potential transactions including proposed collaboration and acquisition. Most directors recorded over 80% attendance as indicated in the following table.

Constantly striving to achieve greater transparency and accountability to shareholders, PYI has established five board committees, specifically, the Audit Committee, Remuneration Committee, Nomination Committee, Compliance Committee, and Share Repurchase Committee; each having specific roles, authority and functions as detailed on the PYI website.

提名委員會已在2008年7月18日，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均符合《上市規則》第3.13條所載有關的指引，他們仍屬獨立人士。

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。

再者，每名董事均已在董事局會議審議交易或動議時，申報其(如在建議的交易或事項中)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。

實踐權力下放從而強化問責性

為確保董事局可付諸實行以股東利益為本來掌舵集團，每年開會時間表是會預早發送給全體成員，令董事可作好安排有更多參與。年內，共舉行了11次董事局會議，其中2次為討論及考慮有可能進行的交易包括建議合作及收購而召開。誠如下表所示，大部分董事均有八成以上的出席率。

保華不斷致力實踐更高透明度並對股東的問責性，董事局已成立五個專案委員會：審核委員會、薪酬委員會、提名委員會、法規委員會及股份回購委員會；每個董事局轄下委員會有其特定角色、權限及職能，涵蓋它們的詳細職權範圍已上載到保華公司網站。

ATTENDANCE RECORD OF BOARD AND COMMITTEE MEMBERS

董事局與委員會成員的出席記錄

	Board 董事局	Audit 審核	Board Committees 董事局轄下委員會			Share Repurchase 股份回購	Shareholders 股東
			Remuneration 薪酬	Nomination 提名	Compliance 法規		
Number of meetings held during the year 年內舉行會議次數	11	4	3	2	2	0	2
Independent Non-Executive Directors 獨立非執行董事							
Dr Chow Ming Kuen, Joseph 周明權博士	11 / 11	4 / 4	3 / 3	2 / 2	2 / 2		2 / 2
Mr Kwok Shiu Keung, Ernest 郭少強先生	9 / 11	4 / 4	3 / 3	2 / 2	2 / 2		1 / 2
Mr Chan Shu Kin 陳樹堅先生	11 / 11	4 / 4		2 / 2	2 / 2	0 / 0	1 / 2
Mr Leung Po Wing, Bowen Joseph 梁寶榮先生	10 / 11	4 / 4	3 / 3				1 / 2
Mr Li Chang An 李昌安先生	5 / 11						0 / 2
Executive Director 執行董事							
Mr Lau Ko Yuen, Tom 劉高原先生	11 / 11		3 / 3	2 / 2		0 / 0	2 / 2
Non-Executive Director 非執行董事							
Dr Chan Kwok Keung, Charles 陳國強博士	3 / 11						1 / 2
Corporate Counsel and Company Secretary 集團律師兼公司秘書							
Ms Wong Lai Kin, Elsa 黃麗堅女士 [^]					1 / 2		

[^] Ms Wong Lai Kin, Elsa has resigned as Corporate Counsel and Company Secretary with effect from 3 December 2007.
由2007年12月3日起，黃麗堅女士已辭任集團律師兼公司秘書的職務。

The minutes for all of the Board and Committee meetings are recorded in sufficient detail and are kept by the Company Secretary, subsequently distributed to each director within a reasonable time period so as to ensure the prompt execution of decisions made. In instances where independent professional advice is sought for, such seeking must abide by pre-approved procedures. Appropriately, the directives that have been implemented by different board committees are summarised below consistent with the Group's commitment to transparency.

董事局及委員會的會議記錄載有詳細資料，並由公司秘書留存，亦在合理的時間內分發給每位董事，以確保及時執行已作出的決定。凡要尋求獨立專業意見，須符合既定程式。下文將概述各董事局轄下委員會所執行的指示，體現集團對透明度方面的盡心盡力。

REMUNERATION OF DIRECTORS

Developing a scheme that properly motivates executives is rewarding shareholders

董事薪酬

制定一個恰當激勵行政人員的計劃等於報償股東

REMUNERATION COMMITTEE

薪酬委員會

Composition 組成	3 Independent Non-Executive Directors 獨立非執行董事 Dr Chow Ming Kuen, Joseph 周明權博士 (Chairman 主席) Mr Kwok Shiu Keung, Ernest 郭少強先生 Mr Leung Po Wing, Bowen Joseph 梁寶榮先生	+	1 Executive Director 執行董事 Mr Lau Ko Yuen, Tom 劉高原先生
Role & Function 角色與職能	<ul style="list-style-type: none">✓ Reviews the remuneration policy of the Company 評估本公司的薪酬政策✓ Makes recommendations to the Board on the policy and structure for all remuneration of directors and senior management and on the establishment of formal and transparent procedures for developing a policy on such remuneration 就所有董事與高級管理層的薪酬政策及結構，以及為制定該等酬金政策，設置一個正規而具透明度的程序，向董事局作出推薦意見✓ Determines the specific remuneration packages of all executive directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment 決定所有執行董事和高級管理層的具體薪酬，包括非金錢利益、退休金權利及賠償金額(包括由於喪失或終止其職務或委任所應付的任何補償金)✓ Makes recommendations to the Board of the remuneration of non-executive directors 向董事局建議非執行董事的薪酬		

PERFORMANCE-BASED REMUNERATION POLICY

The director's fee was determined with reference to factors including the prevailing market conditions, salary paid by comparable companies, the duties and responsibilities of the director, employment conditions elsewhere and the time committed by the director.

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.

績效的基礎薪酬政策

董事的薪酬乃參考多種因素釐定，包括現行市場情況、類同公司所支付之薪金水平、董事職務與責任、其他地方之僱傭條件以及董事投入之時間。

績效基礎的元素將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。

PYI has adopted its own reward strategy which forms an integral part of the Group's remuneration policy and the basis for future awards to employees. The key aspects of such reward strategy include:

- ✓ to attract and retain talents, base payment and benefits will be market competitive;
- ✓ to support the growth strategy of the Group, short-term and long-term performance-based rewards will be emphasized;
- ✓ to align employee interest with shareholders, the performance-based rewards will be equity-based; and
- ✓ 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.

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.

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勵僱員的基準。此獎賞策略的主要範疇包括：

- ✓ 基本薪酬及福利需具市場競爭性，以吸引及挽留人才；
- ✓ 強調短期及長期的績效基礎獎賞，要與集團增長策略一致；
- ✓ 績效基礎獎賞將以股份為基礎，使僱員與股東利益互相緊扣；及
- ✓ 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。

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。

SUMMARY OF WORK PERFORMED

工作摘要

- ✓ Recommendation of the aggregate amount of directors' fees for shareholders' approval at 2007 AGM
建議董事酬金總數額，供股東在2007年股東週年大會上批准
- ✓ Confirmation and approval of 2007 variable bonus and equity-based award by way of a grant of 11,700,000 share options to the Managing Director under the MD Package
根據總裁薪酬計劃確認給予總裁的2007可變花紅，及批授予總裁11,700,000份購股權作為其2007以股份方式獎賞的薪酬部份
- ✓ Grant of share options to employees
批授購股權予僱員

NOMINATION OF DIRECTORS

Selecting individuals with complementary expertise and independence can properly serve shareholders

董事提名

挑選一些可互補不足的专业獨立人士，就可更好地為股東盡職

NOMINATION COMMITTEE

提名委員會

Composition 組成	2 Independent Non-Executive Directors 獨立非執行董事 Dr Chow Ming Kuen, Joseph 周明權博士 (Chairman 主席) Mr Kwok Shiu Keung, Ernest 郭少強先生 <hr/> Mr Chan Shu Kin 陳樹堅先生 (Alternate to Mr Kwok Shiu Keung, Ernest 替任郭少強先生)	+	1 Executive Director 執行董事 Mr Lau Ko Yuen, Tom 劉高原先生 <hr/> Dr Chan Kwok Keung, Charles 陳國強博士 (Alternate to Mr Lau Ko Yuen, Tom 替任劉高原先生)
Role & Function 角色與職能	<ul style="list-style-type: none"> ✓ Leads the process for Board appointments 啟動董事局的任命程式 ✓ Identifies and nominates 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 ✓ Assesses the independence of independent non-executive directors 評核獨立非執行董事的獨立性 ✓ Makes 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 Managing Director 向董事局提出與董事委任或重新委任，以及董事(尤其是主席與總裁)繼任計劃有關的建議 		

NOMINATION PROCEDURES, PROCESS AND CRITERIA

提名程序、過程以及準則

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

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士

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

The Board makes formal invitation to selected person(s) 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

SUMMARY OF WORK PERFORMED

工作摘要

- ✓ Nomination of the retiring directors for re-election by shareholders at 2007 AGM
提名退任董事在2007年股東週年大會上膺選連任
- ✓ Review and assessment of individual independent non-executive director's annual confirmation of independence declared pursuant to Rule 3.13 of the Listing Rules
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
- ✓ Consideration of the nomination for directorship proposed by a shareholder
考慮一名股東推薦出任董事的建議

ACCOUNTABILITY AND AUDIT

Adding value to board operations by bringing powerful oversight authority to internal control, reporting and compliance systems

問責與核數

在內部監控、申報及合規制度上設置強而有力的監察機構，定能為董事局運作增值

AUDIT COMMITTEE

審核委員會

Composition 組成

4 Independent Non-Executive Directors 獨立非執行董事

Mr Chan Shu Kin 陳樹堅先生* (Chairman 主席)
Dr Chow Ming Kuen, Joseph 周明權博士
Mr Kwok Shiu Keung, Ernest 郭少強先生
Mr Leung Po Wing, Bowen Joseph 梁寶榮先生

* Mr Chan Shu Kin currently is a certified public accountant with extensive experience in auditing, accounting and financial management services.
陳樹堅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。

Role & Function 角色與職能

- ✓ Reviews the Group's financial information
審閱集團財務資料
- ✓ Oversees the Group's reporting system and internal control procedures
監管集團申報制度和內部監控程序
- ✓ Reviews 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末期業績
- ✓ Meets 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，委員會可為此目的而無阻地跟本公司外聘及內部核數師取得聯繫
- ✓ Recommends the selection, appointment, resignation or dismissal of the Company's external auditor
建議本公司外聘核數師之提名、委任、辭任或免職

SUMMARY OF WORK PERFORMED

工作摘要

- ✓ Reviewed unaudited interim consolidated financial statements and audited annual consolidated financial statements of the Group with a recommendation to the Board for approval
審閱集團未經審核的中期綜合財務報表和經審核的末期綜合財務報表並建議董事局通過
- ✓ Reviewed internal control and risk management framework of the Group
審閱集團內部監控及風險管理框架
- ✓ Received and reviewed progress report on internal control, risk management and internal audit actions implemented / planned by the Group
聽取及審閱內部監控、風險管理及集團所實施或計劃的內部審計工作的進展報告
- ✓ Approved audit fee proposed by the external auditors in connection with the review of the Group's 2008 interim results
批准外聘核數師就審閱集團2008年中期業績所建議的核數費
- ✓ Recommended the re-appointment of Deloitte Touche Tohmatsu as the Company's external auditor at 2008 AGM
建議於2008年股東週年大會上重新委任德勤•關黃陳方會計師行為本公司外聘核數師

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors acknowledge their responsibility for preparing the consolidated financial statements of the Group and for ensuring that the preparation of the consolidated financial statements of the Group is in accordance with statutory requirements and applicable standards.

The statement of the auditors of the Company concerning their reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 109 and 110 of this annual report.

董事對綜合財務報表的責任

董事確認有責任編制集團綜合財務報表，並確保在編制集團綜合財務報表時按照法定規則和合適的準則。

獨立核數師就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109及110頁獨立核數師報告內。

INTERNAL CONTROL

The Board acknowledges its responsibility to establish, maintain and review from time to time the effectiveness of the Group's system of internal control to ensure that shareholders' investment and PYI's assets are safeguarded. Such system of internal control is developed by making reference to the Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in the United States in 1992 and the Guide on Internal Control and Risk Management issued by the Hong Kong Institute of Certified Public Accountants.

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

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

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.

As a sound system of internal control depends on a thorough and regular evaluation of the nature and extent of the risks to which the Group is exposed, following the group-level risk assessment performed by a core team of senior executives in 2006, PYI has rolled out the risk assessment process to all major business units in 2007.

To accomplish this assessment process, a group-wide risk assessment guideline has been developed and to be complied with by all business units. This guideline provides business units with a step-by-step approach to carry out risk assessment as well as details of PYI's risk assessment structure and methodology.

內部監控

董事局確認其對集團的內部監控系統的設置、維護及不時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。此內部監控系統是參考美國 Committee of Sponsoring Organizations of the Treadway Commission (COSO)於1992年編制之內部監控綜合框架及香港會計師公會的內部監控與風險管理指引所制定的。

管理層負責設計及執行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
- ✓ 遵守適用法例

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。

審核委員會定期對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方面，包括財務監控、運作及合規監控以及風險管理功能。

正因完善的內部監控系統是有賴於對集團所面臨的風險的性質及程度進行全面及定期的評估，隨著由高級管理層組成的核心團隊於2006年底完成集團層面的風險評估工作，保華於2007年間將風險評估工作推廣至主要項目公司的層面。

為完成有關風險評估工作，集團制定了風險評估工作的指引，並將指引推廣至所有的項目公司以供其遵守。這指引不僅提供實施風險評估的步驟，還詳細列明保華的風險評估工作架構及方法。

With the guidance and assistance from the Group, most business units have conducted risk assessments to identify their key risks and to ensure appropriate risk management measures are in place.

Control self-assessment was also performed at business units level to assess the effectiveness of the internal control system. The control self-assessment was conducted through the use of questionnaires that list out key factors in each of the five components of COSO Internal Control Integrated Framework. These five interrelated components are Control Environment, Risk Assessment, Control Activities, Information & Communication and Monitoring.

Reviews were conducted by internal audit to evaluate the effectiveness of the Group's internal control system covering key controls, including financial, operational and compliance, and risk management functions.

Remedial action plans were made by management for gaps and weaknesses identified during these assessments and the Audit Committee conducted periodic reviews, assisted by internal audit, to ensure these remedial actions were implemented as planned and reported the results to the Board.

在集團的領導及協助之下，主要的項目公司都已完成了風險評估的工作，以確認風險並制定有關風險的管理措施。

集團亦透過監控自行調查，以評估項目公司內部監控系統的效能。監控自行調查，是以問卷的形式，按COSO內部監控綜合框架的五個元素之主要成份所組成。這五個互相關連的元素分別是監控環境、風險評估、監控活動、資訊及溝通、以及監察。

由內部審計部門對集團內部監控系統的成效作出審查，這些審查涵蓋主要的監控方面的檢討，包括財務監控、運作及合規監控，以及風險管理功能。

我們已就矯正在有關評估中確認的差異及弱點，制定了初步的改善方案。而審核委員會亦透過內部審計，定期審閱有關的改善方案計劃，確保方案得以貫徹執行，並向董事局匯報結果。

STEPS OF ENHANCING THE GROUP'S SYSTEM OF INTERNAL CONTROL TAKEN IN 2007 2007年加強集團內部監控措施所採取的步驟

- ✓ In-house internal audit unit has been set up to assist the Audit Committee to oversee the effectiveness and efficiency of PYI system of internal control and risk management process
設立了集團內部審計部門，以協助審核委員會監管集團內部監控系統及風險管理的效能
- ✓ Using risk assessment methodology, internal audit derives its 3-year strategic plan which is reviewed by the Audit Committee and reassessed during the year to ensure that adequate resources are deployed and the plan's objectives are met
以風險評估為基礎，而制定的3年期內部審計策略計劃，由審核委員會審閱及在年內重新評估，以確定有足夠的資源及能夠達成計劃的目標
- ✓ Internal audit manual setting out the required policies and procedures of internal audit function has been set up and implemented
內部審計手冊包括了內部審計的政策及程序亦已制定並實施
- ✓ A draft Code of Conduct which sets out the standards of behavior expected from directors and staff members have been developed and under finalization
制定行為守則的初稿，列出了董事及員工應有的標準道德，已在審議的階段中
- ✓ Reward Strategy that aligns with the Group's strategy and links individual performance has been developed for management of the Group and business units
制定獎賞政策把集團的策略及集團和項目公司管理層的個人績效指標相連

In respect of the year ended 31 March 2008, the Board was not aware of any significant issues that would have an adverse impact on the effectiveness and adequacy of the internal control systems.

於截至2008年3月31日止年度，董事局不曾發現有嚴重的情況對內部監控系統的成效性構成不利影響。

INITIATIVES FOR IMPROVING THE GROUP'S SYSTEM OF INTERNAL CONTROL 完善集團內部監控系統的措施

- ✓ Roll out the finalized Code of Conduct to all business units which sets out the standards of behavior expected from directors and staff members
向項目公司推廣集團最終審議的行為守則，列出了董事及員工應有的標準道德
- ✓ Complete the Group Enterprise Risk Management framework by developing risk management policy, setting up risk monitoring and reporting process, and establishing risk management structure
完成企業風險管理框架，包括制定風險管理政策，設立風險監控及匯報管道，以及設立風險管理架構
- ✓ Develop performance measurement system to evaluate internal audit's performance
制定內部審計部門績效指標系統，以評審內部審計工作的表現
- ✓ Further enhancement of the Group management reporting system to provide strategic, financial and operational information in a comprehensive and timely manner
持續改善集團管理層匯報制度，以全面和及時地提供策略、財務和營運資訊

EXTERNAL AUDITORS

Deloitte Touche Tohmatsu (“Deloitte”) has been re-appointed as the Company’s external auditor at 2007 AGM until the conclusion of the next AGM. The Audit Committee in its meeting on 17 July 2008 recommended the re-appointment of Deloitte as the Company’s external auditor at 2008 AGM and the Board has taken the same view as that of the Audit Committee.

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

外聘核數師

德勤•關黃陳方會計師行(「德勤」)已於2007年股東週年大會上重新任命為本公司外聘核數師，直到下一屆股東週年大會結束為止。審核委員會於2008年7月17日之會議上建議在2008年股東週年大會上重新委任德勤為本公司外聘核數師，而董事局亦與審核委員會之意見一致。

為了保持其獨立性，德勤主要負責就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。

REMUNERATION PAID OR PAYABLE TO DELOITTE FOR AUDIT AND NON-AUDIT SERVICES 已付或應付予德勤的核數及非核數服務酬金

Services Rendered	提供的服務	2008 HK\$'000 千港元	2007 HK\$'000 千港元
Audit services	核數服務	6,838	6,576
Non-audit services	非核數服務		
Taxation advisory	稅務諮詢	344	231
Special engagements	特定委聘	9,573	1,773
Total	總額	16,755	8,580

COMPLIANCE COMMITTEE 法規委員會

Composition 組成

3 Independent Non-Executive Directors 獨立非執行董事

Dr Chow Ming Kuen, Joseph 周明權博士 (Chairman 主席)
Mr Kwok Shiu Keung, Ernest 郭少強先生
Mr Chan Shu Kin 陳樹堅先生

Role & Function 角色與職能

- ✓ Oversees 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
- ✓ Reviews and approves the Company’s code of conduct and/or business ethics, policies and prevailing corporate governance practices and standards, and oversees 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

Summary of work performed 工作摘要

- ✓ Review of Corporate Governance Report for the year ended 31 March 2007
審閱截至2007年3月31日止年度之《企業管治報告》
- ✓ Review of quarterly updated compliance reports submitted by Company Secretary
審閱公司秘書奉呈的季度更新常規遵從報告

SHARE REPURCHASE COMMITTEE 股份回購委員會		
Composition 組成	1 Independent Non-Executive Directors 獨立非執行董事	1 Executive Director 執行董事
	Mr Chan Shu Kin 陳樹堅先生 (Chairman 主席)	Mr Lau Ko Yuen, Tom 劉高原先生
	Dr Chow Ming Kuen, Joseph 周明權博士 (Alternate to Mr Chan Shu Kin 替任陳樹堅先生)	
Role & Function 角色與職能	✓ 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 遵照《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之權力	
Summary of work performed 工作摘要	✓ Refreshment of the Share Repurchase Mandate of not more than HK\$10 million to the Managing Director 更新給予總裁不多於1千萬港元之股份回購授權	

PROMOTING TRANSPARENCY VIA CLOSE COMMUNICATIONS

PYI utilises various communication methods to ensure that shareholders are kept abreast of the Group's latest developments. Press releases are distributed to investors and media whenever a major event or business undertaking occurs. Moreover, investor and media visits are organised to promote greater understanding of projects under development, thus helping them to recognise the value of such ventures.

For shareholders and stakeholders of the Group, a comprehensive website is maintained to facilitate two-way communications. Investors are also made aware of PYI's latest movements by way of announcements and circulars published by the Company. Certainly, management has taken every step possible to keep relevant parties well informed, including international roadshows, investor meetings, media briefings and analyst conference calls.

以密切聯繫提升透明度

保華採用不同溝通渠道，務求讓股東可緊貼集團的最新發展。但凡有重大事件或業務項目發生，我們都會發放新聞稿予投資者及傳媒。另外，為了提升投資者及傳媒對發展中的項目有更深入的了解，我們曾安排實地採訪，以助他們認識到這些項目的價值。

集團亦為股東及其他權益人設置一個覆蓋全面的公司網站，推動雙向性的溝通。投資者也可從本公司刊發的公布及通函，得悉保華最新的動向。管理層亦已採取各式各樣的方式，與有關人士保持密切聯繫，包括國際路演、與投資者會面、新聞發布會以及與分析師的電話會議。

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Responding to the needs of community

Considering ourselves as a member of the communities that we operates in, we draw upon this position as a way of steerage. Hence, PYI strives for sustainable development of our business while giving more attention to the need of society.

The youth are the pillars of society and it is thus important to equip them with broader exposure. PYI collaborates with the educational bureaus in the Mainland, and is committed to sponsoring the elites from local secondary schools for study tours to Hong Kong and Macau for 5 consecutive years. Following the first funded program, the Nantong Study Tour, taken place since 2007, the Wuhan Study Tour was also held in early 2008. Such cross-boarder experience widens the student perspective as well as enhances their understanding of Hong Kong and international businesses.

The destructive earthquake struck in Sichuan Province in May 2008 has caused disastrous casualties and damages. To help all the victims to survive as well as to rebuild their homes, schools and their lives, the Board has taken the lead to donate a quarter of their directors' fees while appealing the staff in Hong Kong, Beijing, Shanghai, Nantong, Chongqing, Guangzhou, Hangzhou, Wuhan, Macau and Kuwait to join the Group's organized staff donation campaigns immediately after the disaster. Staff donation together with a 2:1 matching fund and top-up program by the Group companies raised an aggregate amount in excess of HK\$6 million. In addition, PYI has also donated HK\$230,000 to Fu Hui Charity Foundation to support reconstruction of Bai Yuan Primary School at Dahe, Sichuan Province. Project scope included a new classroom building and a recreational playground for 600 students.

To minimize adverse impact on the surrounding community around our development sites, PYI has installed a comprehensive range of environmental protection facilities in place at Yangkou Port including the sewage collection-discharge and waste disposal systems, urban ecological and environmental protection systems etc. Through efforts on these measures for addressing our neighbor community and ecology needs and concerns, PYI has maintained good community relations with mutual trust and understanding.

Moving forward, we will continue to perform our best as a responsible corporate citizen and take shareholders as our primary stakeholders without losing sight to contribute to our communities.

社會企業責任

回饋社會的需要

作為業務所在社區的一份子，我們一直以設身處地的態度來行事。保華集團在追求業務持續發展的同時，亦十分關注社會的需要。

保華集團深明學生是社會的未來棟樑，開闊他們的視野最是重要。因此保華與內地教育局合作，連續五年贊助當地的優秀中學生到香港及澳門進行學術訪問。隨著首屆贊助的南通市學術訪問團於2007年舉辦後，武漢市學術訪問團亦於2008年年初順利舉行。這種跨越兩地的交流經驗，不但擴闊學生的視野，亦令他們對香港及國際商務有更深了解。

2008年5月在四川省發生的毀滅性大地震，造成慘絕人寰的悲劇及損失。為扶危救困，幫助災民重建家園、學校及重拾生活，董事局率先帶頭捐出他們一季董事袍金，亦同時呼籲香港、北京、上海、南通、重慶、廣州、杭州、武漢、澳門及科威特各地的員工，參予集團在災難發生後隨即發起的員工籌款活動。員工捐款連同集團公司雙倍配對捐款計劃集團捐款總額超逾600萬港元。此外，集團又捐出23萬港元予福慧慈善基金會，以重建四川省大河鎮的白雲小學校舍，為當地600個學生提供一座新的教學大樓及操場。

為了減低我們的施工項目對周遭環境的影響，保華集團已經在洋口港裝置多項環保設施，包括污水收集／排放及廢料處理系統，及城市生態保護系統等。種種措施，均以關懷社區及生態為出發點，使我們可維持良好互信的社區關係。

放眼未來，保華集團將繼續致力擔當良好的企業公民角色，在以股東為先的同時，亦不忘回饋社會。