

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”) has recognised the importance of transparency and accountability, and believes that shareholders of PYI can benefit from good corporate governance.

To ensure that corporate governance is part of corporate culture, this year, PYI has kept abreast of the new amendments on the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) implemented in January 2009 and has continued to provide corporate governance training to the management of subsidiaries in the Mainland. Recently, PYI has finalised and will adopt shortly its Code of Conduct which covers areas such as bribery and corruption, conflicts of interest, disclosure of information and discriminations.

PYI has applied the principles and complied with all the applicable code provisions of the Code on Corporate Governance Practices (“CG Code”) as set out in Appendix 14 to the Listing Rules, and has adopted some of the recommended best practices for the year ended 31 March 2009.

PYI has also adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules applicable to PYI directors as well as senior management of PYI. After having made specific enquiries, all directors and senior management of PYI have confirmed their compliance with the required standard set out in the Model Code during this financial year.

PYI directors has complied with the requirement of Securities and Futures Ordinance regarding disclosure of their respective interests in PYI and its associated corporations during the year. PYI directors’ interests and short positions in shares, underlying shares and debentures of PYI and its associated corporations are disclosed in the Directors’ Report on pages 88 to 91 of this annual report.

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「本集團」)深明透明度及問責性之重要性，並相信股東可從良好企業管治中獲益。

為求企業管治能植根在企業文化，今年保華緊貼於2009年1月實施的《香港聯合交易所有限公司(「聯交所」)證券上市規則》(「《上市規則》」)最新修訂條文，並繼續為內地附屬公司的管理層提供企業管治培訓。最近，保華已完成並將在短期內採納其行為守則，涵蓋範圍包括賄賂及貪污、利益衝突、資料披露及歧視。

截至2009年3月31日止年度，保華一直實踐及遵守《上市規則》附錄十四中的《企業管治常規守則》(「《企管守則》」)之原則及所有適用守則條文，並採納某些建議最佳常規。

同時，保華亦已經採納《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》」)，而《標準守則》亦適用於保華董事及高級管理層。經具體查詢，全體保華董事及高級管理層均確認在本財政年度一直有遵守《標準守則》列載之所需標準。

本年度，保華董事已遵守證券及期貨條例有關披露彼等各自於保華及其相聯法團之權益之規定。保華董事於保華及其相聯法團之股份、相關股份及債券中之權益及淡倉在本年報的第88至91頁的董事局報告書中作出披露。

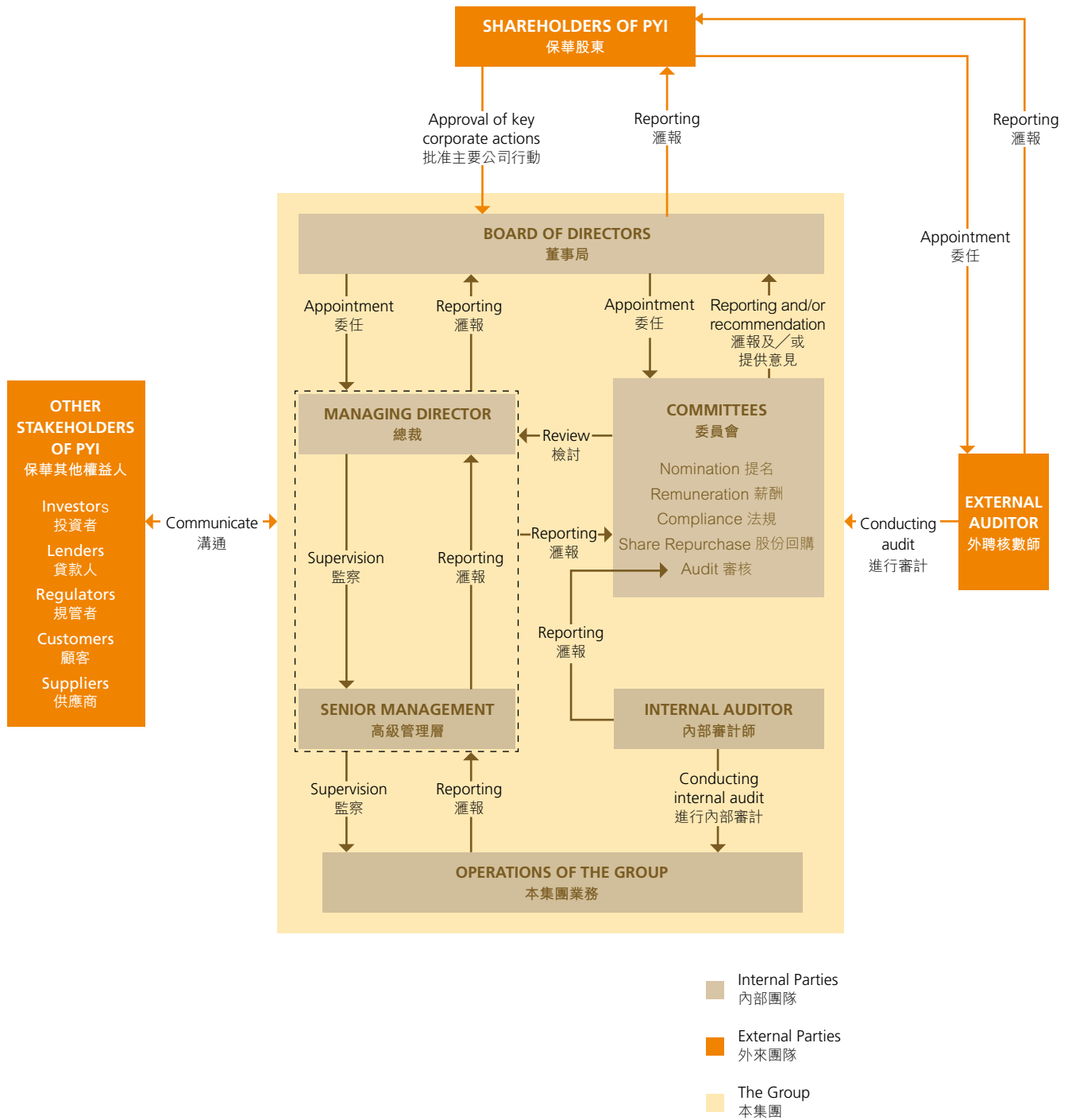
我們將在下文概述本集團所採納的企業管治原則和常規。

CORPORATE GOVERNANCE STRUCTURE

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

All PYI shareholders are entitled to attend and vote at general meetings in accordance with PYI's bye-laws and the applicable laws of Bermuda.

Despite the mandatory requirement that any vote of shareholders at a general meeting must be taken by poll imposed in January 2009, voting on resolutions put forward at all PYI's general meetings has always been taken by way of poll since 2006 to ensure that PYI shareholders can exercise their control in proportion to their equity ownership. All poll results have been published and posted on the websites of PYI and of the Stock Exchange.

Below is a summary of the PYI's general meeting held during the year 2008/09:

股東

保障股東的利益是最為重要

確保一視同仁

所有保華股東均有權出席股東大會，並按照保華的公司細則及百慕達的適用法律在會上投票。

儘管2009年1月推行強制性規定，在股東大會上，股東的任何表決必須以投票方式進行。為確保保華股東能夠行使與其持股量相稱的控制權，自2006年起，保華的所有股東大會的決議案均以投票的方式表決。所有投票的結果已在保華網站和聯交所網站上刊載。

以下是2008/09年度舉行的保華股東大會摘要：

SUMMARY OF PYI'S GENERAL MEETINGS HELD DURING THE YEAR 在本年度舉行的保華股東大會摘要

2008 Annual General Meeting 2008年股東週年大會	% of Votes Cast For 贊成票數的比率
✓ Approval of the 2008 audited accounts 通過2008年度的經審核賬目	100%
✓ Approval of the 2008 final dividend in the form of warrants 通過以認股權證作為2008年度的末期股息	99.71%
✓ Re-election of Dr Chow Ming Kuen, Joseph, Mr Kwok Shiu Keung, Ernest and Mr Leung Po Wing, Bowen Joseph as directors (by separate resolutions) 重選周明權博士、郭少強先生及梁寶榮先生為董事(以獨立決議案的方式進行)	100%
✓ Approval of directors' fees in aggregate amount of not exceeding HK\$4,000,000 per annum for all directors 通過給予全體董事總額不超過每年4,000,000港元的董事袍金	100%
✓ Re-appointment of Deloitte Touche Tohmatsu as auditor and authorisation to Board to fix their remuneration 再度委任德勤•關黃陳方會計師行為核數師及授權董事局釐訂其酬金	99.9%
✓ Approval of the issue of 1-year warrants 批准發行一年期認股權證	100%

SUMMARY OF PYI'S GENERAL MEETINGS HELD DURING THE YEAR – continued
在本年度舉行的保華股東大會摘要 – 續

2008 Annual General Meeting 2008年股東週年大會	% of Votes Cast For 贊成票數的比率
✓ Grant of special mandate to directors to allot warrants and to issue shares upon exercise of warrants 給予董事特別授權以配發認股權證並在認股權證獲行使時發行股份	100%
✓ Grant of general mandate to directors to issue additional shares 給予董事發行股份的一般授權	93.15%
✓ Grant of general mandate to directors to repurchase shares 給予董事回購股份的一般授權	100%
✓ Extension of the share issue mandate to directors 擴大授予董事發行股份之權力	93.15%
✓ Refreshment of the 10% limit on grant of options under PYI's share option scheme 更新根據保華購股權計劃授出購股權之10%限額	94.38%
✓ 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	94.66%

MAINTAINING EFFICIENT SHAREHOLDER COMMUNICATIONS AND PARTICIPATION

PYI endeavours to maintain effective communication with all PYI 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, 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 PYI shareholders to raise comments and exchange views with the Board.

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

維繫有效益的股東溝通及參與

保華為了確保所有保華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有效的溝通。

保華透過刊發年度及中期報告、公告以及新聞稿，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，而保華網站 – www.pyicorp.com 亦有登載此等資訊。

保華視其股東大會為保華股東向董事局提出建議及交換意見的一個寶貴平臺。

所有保華的董事和高級管理層皆盡量撥冗出席股東大會，以回應保華股東的提問。

To enhance PYI shareholders' understanding of PYI's business and latest business initiatives, since 2005, an "Address by Managing Director" session has been included in annual general meetings in addition to standard meeting agenda. This session is led by the Chairman and presented by Managing Director.

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

BOARD OF DIRECTORS

Building effective board is key to good corporate governance

PROVIDING RESPONSIBLE AND EFFICIENT LEADERSHIP

The primary role of the board of directors of PYI ("Board") is to maximize 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 the day-to-day leadership and management of the Group. The senior management of the Group, on the other hand, is responsible for the management and administrative functions and the day-to-day operations of the Group under the supervision of the Managing Director. The corporate governance structure of PYI is disclosed in this report at page 52.

為加強保華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及廣東話的即時傳譯服務，迎合操不同流利語言股東的需要。

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

保華董事局（「董事局」）的主要角色是為股東爭取最高之長遠利益，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本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、評估本集團的表現，以及監察管理層工作。

為強化效率，董事局已將本集團日常領導及管理的權力，下放予總裁負責。另一方面，本集團高級管理層在總裁監管下，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。保華企業管治架構在本報告的第52頁作出披露。

Below is a summary of specific matters which are reserved for the Board:

以下是董事局專責事務的摘要：

SUMMARY OF SPECIFIC MATTERS RESERVED FOR THE BOARD 董事局專責事務的摘要

- ✓ Financial reporting and control
財務申報和監控
- ✓ 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》所述的須予公佈的交易
- ✓ Capital reorganisation or other significant changes in the capital structure of the Group
資本重組或本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 is composed mainly of 5 independent non-executive directors throughout the 2008/09 financial year, representing more than one-third of the Board. Also, a majority of the members of the Board committees are independent non-executive directors.

以獨立的管治締造佳績

本集團務求保持其對高水準的企業管治的承諾，於2008/09財政年度，董事局主要由五位獨立非執行董事組成，佔董事局成員三分之一以上。而董事局委員會之成員，大部分亦為獨立非執行董事。

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

Brief biographical details of the above directors are set out on pages 39 to 41 of this annual report and are also available on PYI website – www.pyicorp.com.

上述各位董事的簡介詳情載於本年報的第39至41頁，有關資料亦已登載於保華網站—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 annual general meeting; 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.

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，並且可平衡及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，以及本集團的業務和管治政策下的職責。

另外，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 2008 ANNUAL GENERAL MEETING

順利在2008年股東週年大會上獲重選

Retired by rotation Dr Chow Ming Kuen, Joseph, Mr Kwok Shiu Keung, Ernest and

輪席退任

Mr Leung Po Wing, Bowen Joseph

周明權博士、郭少強先生及梁寶榮先生

✓ a term of approximately three years until the conclusion of the annual general meeting to be held in 2011

任期約三年，直至2011年股東週年大會結束為止

ENDEAVOURING TO STRONG INDEPENDENCE

In addressing the interest of PYI shareholders, PYI has emphasised transparency and accountability. Fittingly, the Group's goal has been to conduct businesses that are 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

為要照顧保華股東的利益，保華一直強化透明度與問責性，本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，亦可給予客觀及獨立的意見。為求清楚界定職位上的責任，分別由兩個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	Dr Chow Ming Kuen, Joseph 周明權博士 <ul style="list-style-type: none"> ✓ Provides leadership for 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 	Mr Lau Ko Yuen, Tom 劉高原先生 <ul style="list-style-type: none"> ✓ Leads the management 領導管理層 ✓ Formulates 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本集團的日常運作

As a commitment to good corporate governance, the chairman of PYI has, in particular, performed the following tasks:

- ✓ ensured that the Board works effectively and discharges its responsibilities, and that all key and appropriate issues are discussed by the Board in a timely manner; and
- ✓ hold meetings with the non-executive directors (including independent non-executive directors) without the executive director present.

Each independent non-executive director has confirmed his independence with the Stock Exchange upon his appointment pursuant to the Listing Rules.

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

作為一個對良好企業管治的承諾，保華主席已履行下列的工作：

- ✓ 確保董事局有效地運作，且履行應有職責，並及時就所有重要的適當事項進行討論；及
- ✓ 與非執行董事（包括獨立非執行董事）舉行沒有執行董事出席的會議。

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。

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。

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 directors 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 to do businesses in the interest of shareholders, a schedule of regular Board meetings to be conducted within a year are issued well in advance to all members, thus well-organising the more participation by the directors in every meetings. Within the year, 9 Board meetings were held of which one was convened to discuss, consider and approve a discloseable transaction. Most directors recorded over 80% attendance in regular Board and Board committees meetings held during the year in which three directors recorded 100% attendance as indicated in the following table.

In addition to regular attendance at Board and Board committees meetings and in order to have a better understanding of the business operations of the Group, directors including all independent non-executive directors have participated regular field trips to places in China in which the Group operates its businesses.

Constantly striving to achieve greater transparency and accountability to PYI shareholders, PYI has established five Board committees, namely, the Audit Committee, Remuneration Committee, Nomination Committee, Compliance Committee, and Share Repurchase Committee; each having specific roles, authority and functions as detailed in the respective written terms of reference which are available on PYI website – www.pyicorp.com.

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

為確保董事局有效地發揮其以股東利益為本來掌舵本集團的角色，每年董事局定期會議之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會議。年內，共舉行了9次董事局會議，其中一次為討論、考慮及批准一宗須予披露的交易。誠如下表所示，大部分董事於年內舉行的董事局定期會議及委員會會議有八成以上的出席率，而其中三位董事更有十成的出席率。

除了出席定期的董事局及委員會的會議外，為求更了解本集團之業務運作，董事包括所有獨立非執行董事亦前往本集團在中國經營業務的地區參與定期實地考察。

保華不斷致力實踐更高透明度及對保華股東問責，董事局已成立五個專案委員會：即審核委員會、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，涵蓋它們各自的詳細職權範圍已上載到保華網站—www.pyicorp.com。

ATTENDANCE RECORD OF MEETINGS 會議出席紀錄							
	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	9	6	2	1	3	0	1
Independent Non-Executive Directors 獨立非執行董事							
Dr Chow Ming Kuen, Joseph 周明權博士	9/9	6/6	2/2	1/1	3/3		1/1
Mr Kwok Shiu Keung, Ernest 郭少強先生	8/9	5/6	2/2	1/1	3/3		1/1
Mr Chan Shu Kin 陳樹堅先生	9/9	6/6			3/3	0/0	1/1
Mr Leung Po Wing, Bowen Joseph 梁寶榮先生	8/9	6/6	2/2				1/1
Mr Li Chang An 李昌安先生	6/9						0/1
Executive Director 執行董事							
Mr Lau Ko Yuen, Tom 劉高原先生	9/9		2/2	1/1		0/0	1/1
Non-Executive Director 非執行董事							
Dr Chan Kwok Keung, Charles 陳國強博士	3/9						0/1
Group Legal Counsel and Company Secretary 集團法律總監兼公司秘書							
Mr Ko Hiu Fung 高曉峰先生					1 [^] /1		
[^] Mr Ko Hiu Fung was appointed as Company Secretary with effect from 24 October 2008. 由2008年10月24日起，高曉峰先生獲委任為公司秘書。							

Regarding the principles, procedures, and arrangements for regular meetings, the Board committees have adopted, to a large extent, the same principles, procedures, and arrangements as that of a full Board meeting. The minutes for all of the regular Board and Board 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 the event where independent professional advice is required, the seeking of such advice must abide by pre-approved procedures. Appropriately, the directives that have been implemented by different Board committees are summarised below.

有關定期會議的原則、程序及安排，轄下委員會已在大程度上採納與全體董事局會議相同的原則、程序及安排。董事局定期會議及委員會定期會議紀錄載有詳細資料，並由公司秘書留存，亦在合理的時間內分發給每位董事，以確保迅速執行已作出的決定。凡要尋求獨立專業意見，須符合既定程序。下文將概述各董事局轄下委員會所執行的指示。

REMUNERATION OF DIRECTORS

Developing a scheme that properly motivates executives is rewarding to shareholders

董事薪酬

制定一個恰當激勵行政人員的計劃令股東得益

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

- ✓ Reviews the remuneration policy of the Company
檢討本公司的薪酬政策
- ✓ 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，包括實物利益、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 was considered instrumental in aligning the interests of individuals with those of the Group and has been built into top-management compensation.

績效為本的薪酬政策

董事的袍金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。

績效為本的元素被視為個人利益與本集團利益掛鉤上起了相當重要的作用，而這一報酬機制已在最高管理層中施行。

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

- ✓ to attract and retain talents, base pay 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 effectively deployed 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，作為其薪酬政策的組成部份及日後獎勵僱員的基準。此獎勵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為本獎賞，要與本集團增長策略一致；
- ✓ 績效為本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本集團業績與股價的影響程度，考慮以股份為基礎的獎賞。

保華已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

- ✓ Recommended the aggregate amount of directors' fees for shareholders' approval at 2008 annual general meeting
建議董事袍金總數額，供股東在2008年股東週年大會上批准
- ✓ Reviewed and approved the remuneration packages of senior executives in line with market remuneration packages level
檢討及批准與市場薪酬待遇水平掛鈎的高級行政人員的薪酬待遇
- ✓ Granted share options in lieu of cash bonus payment for fiscal year 2008 and as incentive to employees
批授購股權予僱員以代替2008財政年度之現金獎賞及作為獎勵

NOMINATION OF DIRECTORS

Selecting individuals with complementary expertise and independence can serve shareholders better

董事提名

挑選一些可互補不足的專業獨立人士，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

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

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

- ✓ Reviews the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and make recommendations to the Board regarding any proposed changes
定期檢討董事局的架構、人數及組成(包括技能、知識及經驗方面)，並就任何擬作變動向董事局提出建議
- ✓ Identifies individuals suitably qualified to become Board members and selects, or makes recommendations to the Board on the selection of, individuals nominated for directorships
物色具備合資格的合適人選擔任董事，挑選及向董事局提名有關人士出任董事
- ✓ 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 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
提名委員會挑選及向董事局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

- ✓ Nominated the retiring directors for re-election by shareholders at 2008 annual general meeting
提名退任董事在2008年股東週年大會上膺選連任
- ✓ Reviewed and assessed 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

On 17 July 2009, 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.

提名委員會已在2009年7月17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。

ACCOUNTABILITY AND AUDIT

Adding value to Board operation by performing powerful oversight function of internal control, reporting and compliance systems

問責與核數

在內部監控、申報及合規制度上發揮強而有力的監察功能，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

- ✓ Appoints external auditor
委任外聘核數師
- ✓ Reviews the Group's financial information
審閱本集團財務資料
- ✓ Oversees the Group's financial reporting system and internal control procedures
監管本集團財務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本集團中期和末期業績
- ✓ 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

Report on work

工作報告

- ✓ Reviewed unaudited interim consolidated financial statements and audited annual consolidated financial statements of the Group with a recommendation to the Board for approval
審閱本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
- ✓ Reviewed internal control and risk management framework of the Group
審閱本集團內部控制及風險管理框架
- ✓ Received and reviewed progress reports on internal control, risk management and internal audit actions implemented/planned by the Group
聽取及審閱內部控制、風險管理及本集團所實施或計劃的內部審計工作的進展報告
- ✓ Approved audit fee proposal of external auditor in connection with the review of the Group's 2009 interim results
批准外聘核數師就審閱本集團2009年中期業績所建議的核數費
- ✓ Met with external auditor in the absence of executives of the Group
在沒有本集團管理人員在場的情況下，會見外聘核數師

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATION FINANCIAL STATEMENTS

PYI 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 99 and 100 of this annual report.

INTERNAL CONTROL

Responsibility

The Board acknowledges its responsibility to establish, maintain and review the effectiveness of the Group's system of internal control to ensure that PYI shareholders' investment and PYI's assets are safeguarded. Such system of internal control was 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 responsible for the design and implementation of 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 the Group's system of internal control and reports to the Board regularly. This review covers areas of material control including financial, operational and compliance controls, and risk management systems.

董事對綜合財務報表的責任

保華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。

本公司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99及100頁獨立核數師報告內。

內部監控

責任

董事局確認其對本集團內部監控系統的設置、維護及檢討其成效性的責任，以保障保華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 Organization 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
- ✓ 遵守適用法律及法規

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

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

Risk Management

To cope with the risks associated with the achievement of its business objectives in a continually changing environment, the Group has recognized the importance of risk management and has performed risk assessment to evaluate the nature and extent of the risks to which it is exposed. During the risk assessment process, the Group is able to identify the key risks facing the Group. The risks are prioritized according to the likelihood of their occurrence and the seriousness of their impact to the Group and risk management measures are in place to manage the risks to an acceptance level.

Review of Internal Control System

Management at business units level is required to perform control self assessments annually to assess the effectiveness of their systems of internal control. The control self assessment is in the form of questionnaire that sets out key factors in each of the five components of the COSO Internal Control Integrated framework. These five interrelated components are Control Environment, Risk Assessment, Control Activities, Information & Communication and Monitoring.

Besides, the Internal Audit Department together with external consultant has carried out independent audits to evaluate the effectiveness of the Group's system of internal control according to the approved three-year group internal audit plan. This audit plan covered the financial years from 2008/09 till 2010/11 and it was determined using a risk-based approach and is re-assessed annually to ensure adequate audit resources are deployed and the objectives of the plan are met.

Finally, management has formulated remedial action plan for gaps and weaknesses identified during the control self assessments and internal audit. The Internal Audit Department has conducted follow-up reviews periodically to ensure remedial actions are implemented on a timely basis and has reported the results of the reviews to the Audit Committee.

In respect of the year ended 31 March 2009, the Board was not aware of any significant issues that would have adverse impact on the effectiveness and adequacy of the internal control system of the Group.

風險管理

為應付在不斷改變的經營環境中因實現經營目的而產生的風險，本集團確認了風險管理的重要性並進行風險評估去判斷本集團所面對的風險的性質及程度。在風險評估過程中，本集團能夠鑒定本集團主要面對的風險。這些風險已根據其出現的機會及其對本集團業務的影響的嚴重性進行排序而風險管理措施已被制定去維持風險在可接受的程度內。

內部監控系統的檢討

各業務的管理層須每年進行監控自行評估，以評估本身內部監控系統的效能。監控自行評估，是以問卷的型式，列出按COSO內部監控綜合框架的五個元素的主要成份。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。

另外，內部審計部門聯同外聘的內部審計顧問，已按已審批的3年期集團內部審計計劃，對本集團內部監控系統的有效性作出獨立審查。這個包含2008/09至2010/11財政年度的審計計劃是以風險導向為基礎及每年重新作出檢討，以確保有足夠的審計資源及能夠達成計劃的目標。

最後，管理層已就監控自行評估及內部審計中所發現的漏洞及弱點，制訂了改善方案。而內部審計部門，已定期作出跟進審計，以確保有關改善措施得以及時執行，並已向審核委員會匯報審計結果。

於截至2009年3月31日止年度，董事局不曾發現對本集團內部監控系統的成效性及是否足夠構成不利影響的重大問題。

Review of Accounting and Financial Reporting Function

Despite the removal of the requirement for a qualified accountant in the Listing Rules effective on 1 January 2009, the Group continues to maintain a team of qualified accountants to oversee its financial reporting and other accounting-related issues in accordance with the relevant laws, rules and regulations.

In compliance with the new code provision (C.2.2) of CG Code which took effect on 1 January 2009, the Board has, through the Audit Committee, reviewed the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and their training programmes and budget, and was satisfied with the result of the review.

EXTERNAL AUDITOR

Deloitte Touche Tohmatsu ("Deloitte") has been re-appointed as the Company's external auditor at 2008 annual general meeting until the conclusion of the next annual general meeting. The Audit Committee in its meeting on 16 July 2009 recommended the re-appointment of Deloitte as the Company's external auditor at 2009 annual general meeting and the Board has adopted 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.

會計及財務匯報職能的檢討

儘管2009年1月1日起《上市規則》中有關合資格會計師的規定已被刪除，但本集團繼續聘用合資格會計師團隊，以監督集團的財務匯報及其他會計相關事宜符合有關法律、規則及規定。

為遵守於2009年1月1日起生效的《企管守則》的新守則條文(第C.2.2條)，董事局已透過審核委員會，對本集團在會計及財務匯報職能的資源、員工的資歷及經驗，以及他們所接受的培訓及有關預算方面作出了是否足夠的檢討，並對檢討結果表示滿意。

外聘核數師

德勤•關黃陳方會計師行(「德勤」)已於2008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2009年7月16日之會議上建議在2009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。

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	2009 HK\$'000 千港元	2008 HK\$'000 千港元
Audit services	核數服務	6,425	6,838
Non-audit services	非核數服務		
Taxation advisory	稅務諮詢	382	344
Special engagements	特定委聘	1,963	9,573
Total	總額	8,770	16,755

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



1 Company Secretary 公司秘書

Mr Ko Hiu Fung 高曉峰先生

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 2008
審閱截至2008年3月31日止年度之《企業管治報告》
- ✓ Review of updated compliance reports submitted by Company Secretary
審閱公司秘書奉呈的更新常規遵從報告

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

Mr Chan Shu Kin 陳樹堅先生 (*Chairman*主席)

Dr Chow Ming Kuen, Joseph 周明權博士

(Alternate to Mr Chan Shu Kin 替任陳樹堅先生)



1 Executive Director 執行董事

Mr Lau Ko Yuen, Tom 劉高原先生

Role & Function 角色與職能

- ✓ 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之權力

Summary of work performed 工作摘要

- ✓ During the year, no meeting was held by the Share Repurchase Committee
於年內，股份回購委員會並無召開會議

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 developments 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.

CORPORATE SOCIAL RESPONSIBILITY

For the good of our community

In 2008, while the Group strived to maintain profitability in the challenging economic times, we also remained dedicated to corporate social responsibility in various areas, internally and towards the community. With our focus on caring for our staff, as well as for the society, the Group was credited with the respected "Caring Company" award from the Hong Kong Council of Social Service. Let us share with you how the Group contributed to the society in the past year.

The Group sees excellent potential in the youths of today's society and hence invested in their future through the collaboration with various educational bureaus in the Mainland. In 2008, we continued to sponsor study tours to Hong Kong and Macau for secondary students who performed exceptionally in Wuhan and Nantong. So far more than 100 secondary students have attended the study tours and witnessed the international business world by visiting the Stock Exchange, The Legislative Council and major infrastructure in Hong Kong. We firmly believe in these cultural and educational exchanges and plan to organize more of these tours for the elite youths.

以密切聯繫提升透明度

保華採用不同溝通渠道，務求讓股東可緊貼本集團的最新發展。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，為使投資者及傳媒對發展中的項目有更深的了解，我們會安排實地採訪，以助他們認識到這些項目的價值。

本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告及通函，得悉保華最新的發展。當然，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。

企業社會責任

為社會設想

於2008年，本集團致力在困難經濟時刻保持盈利能力，也有在內部和面向社會的不同領域盡其企業社會責任。本集團以對員工，對社會的關愛，獲頒香港社會服務聯會的受敬重的「商界展關懷」獎項。現在就讓我們與您分享一下，本集團過去一年如何貢獻社會。

本集團看到年輕人在今天社會的巨大潛力，並通過與內地多個不同教育局協作，投資於他們的未來。於2008年，我們繼續贊助武漢及南通的優秀中學生到港澳作學術訪問。至今已有過百名中學生參加了學術訪問團，透過參觀聯交所、立法會和香港各大基建認識到國際商務世界。我們堅信這些文化教育交流的成效，並計劃為優秀青少年舉辦更多此類訪問團。

Together, we have witnessed the destruction caused by the devastating earthquakes in the Sichuan Province in May 2008. Our hearts went out to those who suffered the loss of their homes and their beloved. To help them rebuild their lives, the Group appealed to our staff in Hong Kong, Beijing, Shanghai, Nantong, Chongqing, Guangzhou, Hangzhou and Wuhan for donations, double-matching every cent that was given. With these efforts, the Group raised and donated over HK\$6,000,000 to the 512 Earthquake. In addition, the Group also donated RMB200,000 to the Fu Hui Charity Foundation for the rebuilding of an old school in the Sichuan Province. We sincerely hope that the donations have benefited the community there.

On the environmental front, the Group has implemented a comprehensive range of environmental protection facilities at its development sites. The ecology of our community is of great importance to us and we will maintain these efforts throughout our development sites in the coming year.

Besides caring for the community, the Group is also committed to providing a friendly environment for our staff internally. Our company policies are drafted with the employees needs in mind, while balancing the Company's sustainability. Being awarded "Caring Company" has encouraged us to continue our efforts in company welfare policies.

Looking to the year ahead, we would like to devote our best abilities to be a responsible and caring corporate citizen while remaining focused on our goals to maintain profitability.

By Order of the Board

Ko Hiu Fung
Company Secretary

Hong Kong, 17 July 2009

我們曾一起目睹2008年5月在四川省發生的毀滅性大地震所造成的破壞。我們為那些喪失家園和至親的災民獻出愛心。為幫助災民重新投入生活，本集團呼籲旗下香港、北京、上海、南通、重慶、廣州、杭州及武漢的員工捐款，而本集團也作出雙倍配對捐款。眾人努力下，本集團對512地震籌款捐款逾600萬港元。此外，本集團又捐出人民幣20萬元予福慧慈善基金會，以重建四川省一所舊校舍。我們衷心希望這些捐款能惠及當地社區和人民。

在環境方面，本集團已經在其開發工地上裝置多項環保設施。社區的生態與我們息息相關，所以我們來年將繼續在各開發工地上維持這些措施。

除關愛社區外，本集團也承諾為員工打造一個友好的內部環境。公司政策無不以僱員需要為念，並做到平衡公司的可持續發展性。榮獲「商界展關懷」獎項，將鼓勵我們繼續努力做好公司福利政策。

展望來年，我們在專注達到保持盈利能力的目標之餘，亦不忘盡力當好負責任兼關愛的企業公民角色。

承董事局命

公司秘書
高曉峰

香港，2009年7月17日