

CORPORATE GOVERNANCE REPORT

企業管治報告

CORPORATE GOVERNANCE PRACTICES

PYI Corporation Limited (“PYI” or the “Company”, together with its subsidiaries, the “Group”) strives to attain and uphold high standard of corporate governance and maintain well-established corporate governance practices for the benefit of shareholders of PYI and other stakeholders.

Throughout the year ended 31 March 2012, 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 the old Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), which were in effect until 31 March 2012, and, where appropriate, has adopted some of the recommended best practices except for certain deviations which are stated below:

(a) Code Provision A.2.1

Code Provision A.2.1 stipulates that the roles of the chairman and chief executive officer (“CEO”) should be separated and performed by different individuals. Following the retirement of Dr Chow Ming Kuen, Joseph on 16 September 2011, Mr Lau Ko Yuen, Tom, the Managing Director (equivalent to CEO) of PYI, has been appointed as chairman of PYI (“Chairman”) and has performed the roles of Chairman and CEO with effect from 26 September 2011.

The Board believes that it is appropriate and in the interests of PYI for Mr Lau to take up both roles at the present stage as it helps to ensure consistent leadership within the Group and enable more effective and efficient overall strategic planning for the Group. The Board also believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by the current Board which comprises experienced and high calibre individuals with half the number thereof being independent non-executive directors.

企業管治守則

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」)致力實現及支持高水平的企業管治，並維持已妥善設立的企業管治常規守則，以維護保華股東及其他權益人的利益。

於截至2012年3月31日止年度，保華一直實踐及遵守截至2012年3月31日止有效之舊有《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14中的《企業管治常規守則》(「企管守則」)之原則及所有適用條文，並採用某些建議最佳常規，惟下文所述之若干偏離除外：

(a) 守則條文A.2.1

守則條文A.2.1規定，主席與行政總裁(「行政總裁」)的角色應有區分，並由不同人士擔任。隨著周明權博士於2011年9月16日退任，自2011年9月26日起，保華之總裁(相當於行政總裁)劉高原先生獲委任為保華之主席，履行主席兼行政總裁的角色。

董事局認為在現階段由劉高原先生同時兼任兩個角色屬恰當及符合保華之利益，此舉有助本集團內統一領導，並確保本集團之整體策略計劃更有效且效率更高。董事局亦相信，目前之安排不會使權力制衡被削弱，而現時之董事局由經驗及才幹兼備的人士組成，其中半數為獨立非執行董事，確保有足夠的權力制衡。

(b) Rule 3.21 of the Listing Rules

The Audit Committee of the Company was comprised of at least three independent non-executive directors except for the period from 29 September 2011 to 20 November 2011.

Following the resignation of Mr Kwok Shiu Keung, Ernest as an independent non-executive director of the Company on 29 September 2011, the Audit Committee of the Company was comprised of two members which number fell below the minimum number of three as required under Rule 3.21 of the Listing Rules. Upon the appointment of Mr Li Chang An as a member of the Audit Committee of the Company on 21 November 2011, the Company was in strict compliance with Rule 3.21 of the Listing Rules.

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’s 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.

Since the launch of PYI Code of Conduct in October 2009, all PYI’s directors, senior management and staff have been under specific obligations to comply with the ethics and principles by which our business is conducted and have been allowed to report actual or potential violations of the Code through stated procedure. Non-compliance with the Code will result in disciplinary action. During this financial year, we are not aware of any non-compliance with the Code.

(b) 《上市規則》第3.21條

本公司審核委員會由最少三名獨立非執行董事組成，惟2011年9月29日至2011年11月20日期間除外。

繼郭少強先生於2011年9月29日辭任本公司獨立非執行董事後，本公司審核委員會由兩名成員組成，少於《上市規則》第3.21條規定的最低三人數。隨著李昌安先生於2011年11月21日獲委任為本公司審核委員會成員後，本公司已嚴格遵守《上市規則》第3.21條的規定。

同時，保華亦已經採納《上市規則》附錄10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。

自2009年10月推行保華行為守則，所有保華董事、高級管理層和員工已按特定責任，遵守經營集團業務的道德守則和原則，並可透過指定程序，報告實際或潛在違規情況。而違反守則會受到紀律處分。在本財政年度內，我們沒有發現任何不遵守該守則的情況。

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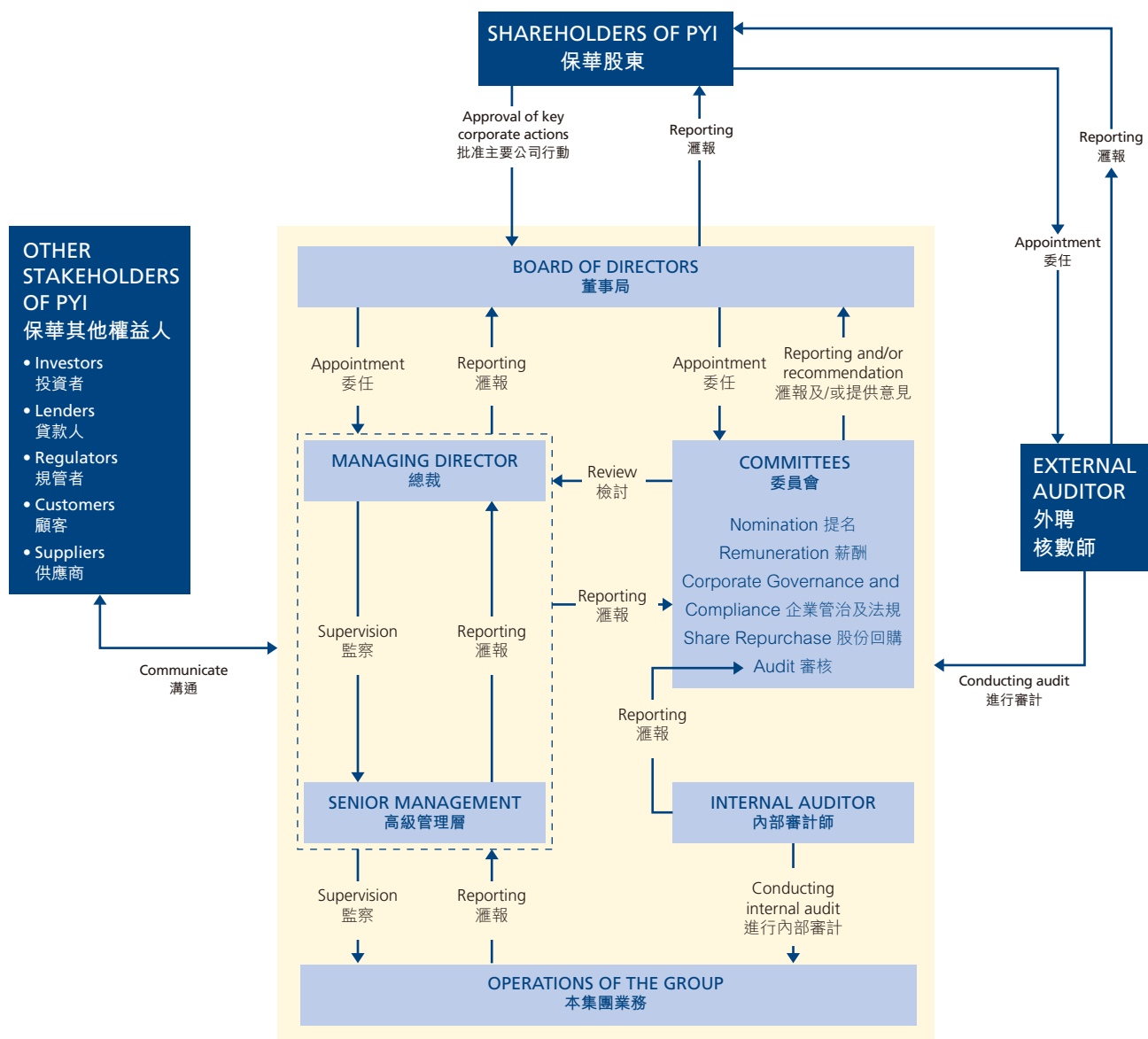
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CORPORATE GOVERNANCE STRUCTURE

The structure below shows the key parties involved in our corporate governance practices and policies within the Group.

企業管治架構

本集團之企業管治常規及政策，涉及之主要成員架構如下：



Internal Parties 內部團隊 The Group 本集團 External Parties 外來團隊

SHAREHOLDERS

Communication with Shareholders

As part of corporate governance, PYI is committed to safeguard shareholders' interests. To achieve this, PYI has established the Shareholders' Communication Policy setting out various channels of communication with shareholders and investment community for ensuring effective disclosure of Company's performance and business activities.

PYI regards its shareholders' meetings as valuable forum for PYI's shareholders to raise comments and exchange views with the Board face to face. All our directors and senior management and representative from external auditor will make effort to attend shareholders' meetings and address queries from shareholders. Also, simultaneous translations in English and Cantonese are arranged during the meetings to ensure that the shareholders understand the content of the issues discussed during the conduct of the meetings.

During the year 2011/12, PYI held two general meetings. Voting on resolutions put forward at the general meetings has been taken by way of poll and all poll results have been published and posted on the website of PYI and the Hong Kong Exchanges and Clearing Limited's website (the "HKEx's website"). Apart from a resolution on adjournment of the special general meeting held on 17 October 2011, which was put forward at the request of a shareholder at that meeting, all resolutions put to shareholders were passed at the two general meetings. The resolutions and the percentage of votes cast in favour of the resolutions are set out below:

股東

與股東溝通

作為企業管治的一部份，保華堅負保障股東利益的責任。為了實踐這一目標，保華已設立股東通訊政策，陳述各種渠道與股東及投資人士溝通，以確保有效披露本公司業績及業務。

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台。所有保華的董事、高級管理層和外聘核數師代表皆盡量撥冗出席股東大會，以回應股東的提問。此外，在會議期間，我們已安排英語及廣東話的即時傳譯服務，以確保股東了解在會議進行時所討論問題的內容。

於2011/12年度，保華召開兩次股東大會。股東大會的決議案均以投票的方式表決。而所有投票的結果已在保華網站及香港交易及結算有限公司網站（「香港交易所網站」）上刊載。除於2011年10月17日之股東特別大會上就一名股東要求延遲舉行該會議之決議案外，所有提呈予股東之議案，均於股東大會上獲得通過。所提呈之議案及贊成有關議案之票數比率，列載如下：

PYI'S GENERAL MEETINGS HELD DURING THE YEAR

在本年度舉行的保華股東大會

Annual General Meeting on 16 September 2011 於2011年9月16日舉行的股東週年大會	% of Votes Cast For 贊成票數的比率
✓ Approval of the 2011 audited accounts 通過2011年度的經審核賬目	100%
✓ Declaration of final dividend for the year ended 31 March 2011 宣派截至2011年3月31日止年度之末期股息	100%
✓ Declaration of special dividend for the year ending 31 March 2012 宣派截至2012年3月31日止年度之特別股息	100%
✓ Re-election of Mr Chan Shu Kin as director 重選陳樹堅先生為董事	100%
✓ Re-election of Mr Li Chang An as director 重選李昌安先生為董事	99.70%
✓ 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%

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PYI'S GENERAL MEETINGS HELD DURING THE YEAR (continued)

在本年度舉行的保華股東大會(續)

Annual General Meeting on 16 September 2011 (continued) 於2011年9月16日舉行的股東週年大會(續)	% of Votes Cast For 贊成票數的比率
✓ Re-appointment of Deloitte Touche Tohmatsu as auditor and authorisation to Board to fix its 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	99.98%
✓ Grant of general mandate to directors to issue shares 給予董事發行股份的一般授權	76.00%
✓ 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	75.99%
✓ 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	93.98%
Special General Meeting on 17 October 2011 於2011年10月17日舉行的股東特別大會	
✓ Approval of the deemed very substantial disposal of majority interest in Paul Y. Engineering Group Limited 批准視作非常重大出售保華建業集團有限公司之多數權益	99.84%

Apart from holding shareholders' meetings, PYI also endeavours to maintain effective communication with all shareholders through other channels such as the publication of annual and interim reports, announcements, circulars as well as news releases (all in bilingual languages) so as to provide extensive information on the Group's activities, financial position, business strategies and developments to enable them to make informed decision on matters relating to their investment and the exercise of their rights as shareholders of PYI. Such information is also available on PYI website - www.pyicorp.com and the HKEx's website.

Our website is an effective mean of communicating with shareholders. Any shareholders who have questions or comments on what we are doing are most welcome to contact us at any time through the website. We will try our best to answer the questions in a short time.

At pages 68 to 72 of this annual report, we have designated a section called "PYI and Shareholders" which serves to provide shareholders with more information such as the shareholding of PYI and details of top shareholders as at the year end.

保華為確保所有股東可就其投資作出有根據的決定，以及行使其作為保華股東的權利，除召開股東大會外，亦透過刊發年度及中期報告、公告、通函以及新聞稿(全以雙語形式)，努力與所有股東以不同之通訊渠道維持有效的溝通，以提供本集團活動、財務狀況、業務策略和發展的廣泛資訊，而保華網站—www.pyicorp.com及香港交易所網站亦有登載此等資訊。

我們的網站是一個與股東溝通的有效媒介。任何股東就我們所作出事項有任何疑問或意見，可透過網站隨時與我們聯繫，我們將竭盡所能在短時間內回答問題。

於本年報的第68至72頁，我們在「保華與股東」一節中，為股東提供更多資料，如保華股權的資料及於年結日首幾名股東的詳情。

Shareholders' Rights

PYI recognises the importance of ensuring that shareholders' rights are protected. In accordance with PYI's bye-laws and the applicable laws of Bermuda, all PYI's shareholders are entitled to attend or be represented by proxy and vote at general meetings. PYI's shareholders holding not less than one-tenth of the paid up capital of PYI carrying the right of voting at general meetings have the right to require a special general meeting to be called and propose transaction of business.

All PYI's shareholders have the right to propose person for election as director of PYI. The relevant procedure for proposing a person for election as director of PYI is set out in the Letter of our Board in the circular for re-election of directors and in our Shareholders' Communication Policy.

BOARD AND BOARD COMMITTEES

Board's Role and Delegation

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 as disclosed in this report at page 44 shows the detailed relationship between the Board, the Managing Director and the senior management as well as other stakeholders.

股東權利

保華確認保障股東權利的重要性。根據保華之公司細則及百慕達適用法例，所有保華股東均有權出席或委派代表出席，並於股東大會上投票。持有不少於十分之一保華已繳股本，並可於股東大會上投票之保華股東，有權要求召開股東特別大會及提呈事務。

所有保華股東皆有權推薦人選，參選為保華之董事。有關推薦個別人士參選保華董事之程序，已載於有關重選董事的通函中之董事局函件及我們的股東通訊政策內。

董事局及董事局委員會

董事局的角色及權力轉授

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督下，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。載於本報告第44頁的保華企業管治架構，披露董事局、總裁、高級管理層與其他權益人的詳細關係。

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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 and connected transactions and price sensitive information under the Listing Rules
《上市規則》所述的須予公佈及關連交易及股價敏感資料
- ✓ 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

Board's Responsibility for the Consolidated Financial Statements

The Board acknowledges its 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 auditor of the Company concerning its reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 90 and 91 of this annual report.

董事局對綜合財務報表的責任

董事局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。

本公司獨立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90及91頁之獨立核數師報告書內。

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Board Composition

As at the date of this report, there are 6 directors in our Board consisting of 2 executive directors, 1 non-executive director and 3 independent non-executive directors. Accordingly, non-executive directors account for a majority of the Board members whereas independent non-executive directors represent half of the Board members, thus exhibiting a strong independent element which enhanced independent judgement. Mr Chan Shu Kin, an independent non-executive director of the Company, has the appropriate professional qualifications, or accounting or related financial management expertise as required under the Listing Rules.

董事局組成

於本報告日期，董事局由六位董事組成，當中包括兩位執行董事、一位非執行董事及三位獨立非執行董事。因此，非執行董事佔董事局成員的大多數，而獨立非執行董事佔董事局成員半數，從而表現強烈的獨立元素，增強獨立判斷。而本公司獨立非執行董事陳樹堅先生具備上市規則要求的適當的專業資格，或會計或相關的財務管理專長。

BOARD OF DIRECTORS 董事局

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

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

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



2 Executive Directors 執行董事

Mr Lau Ko Yuen, Tom
劉高原先生
(Chairman &
Managing Director
主席兼總裁)
Mr Chan Yiu Lun, Alan
陳耀麟先生



1 Non-Executive Director 非執行董事

Dr Chan Kwok Keung, Charles
陳國強博士
Mr Chan Yiu Lun, Alan 陳耀麟先生
(Alternate to
Dr Chan Kwok Keung, Charles
替任陳國強博士)

Each of the Board members is totally unrelated to each other and the senior management in every aspect including financial, business, or family except the father and son relationship between Dr Chan Kwok Keung, Charles and Mr Chan Yiu Lun, Alan.

There was no change of directors and committee members during the year except that (i) Dr Chow Ming Kuen, Joseph retired as an independent non-executive director of the Company at the conclusion of PYI's annual general meeting held on 16 September 2011, and ceased to be the Chairman of the Board, chairman and member of the Company's Remuneration Committee, Nomination Committee and Corporate Governance and Compliance Committee and member of the Company's Audit Committee and Share Repurchase Committee (alternate to Mr Chan Shu Kin) upon his retirement; (ii) Mr Lau Ko Yuen, Tom was appointed as Chairman of the Board with effect from 26 September 2011;

除了陳國強博士與陳耀麟先生為父子外，董事局每一名成員彼此之間以及與高級管理層之間，在各方面包括財務、業務或家庭等方面均互無關連。

年內，董事及委員會成員沒有變動，除(i)周明權博士於2011年9月16日舉行之保華股東週年大會結束時退任本公司獨立非執行董事，並於退任後不再出任董事局主席，本公司薪酬委員會、提名委員會及企業管治及法規委員會主席及成員，以及本公司審核委員會及股份回購委員會(替任陳樹堅先生)成員；(ii)劉高原先生自2011年9月26日起獲委任為董事局主席；(iii)郭少強先生自2011年

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(iii) Mr Kwok Shiu Keung, Ernest resigned as an independent non-executive director of the Company with effect from 29 September 2011, and also ceased to be a member of the Company's Audit Committee, Remuneration Committee, Nomination Committee and Corporate Governance and Compliance Committee with effect from 29 September 2011; (iv) Mr Chan Shu Kin ceased to act as an alternate to Mr Kwok Shiu Keung, Ernest as member of the Company's Nomination Committee with effect from 29 September 2011; (v) Mr Li Chang An was appointed as a member of the Audit Committee of the Company with effect from 21 November 2011; (vi) Mr Chan Shu Kin was appointed as the chairman and member of the Company's Remuneration Committee and Nomination Committee; and the chairman of the Company's Corporate Governance and Compliance Committee with effect from 21 November 2011; (vii) Mr Leung Po Wing, Bowen Joseph was appointed as a member of the Company's Nomination Committee and Corporate Governance and Compliance Committee; and an alternate member to Mr Chan Shu Kin of the Share Repurchase Committee of the Company with effect from 21 November 2011; and (viii) Mr Chan Yiu Lun, Alan was appointed as an executive director and Director of Corporate Finance of the Company with effect from 23 November 2011. Brief biographical details of the directors are set out on pages 34 to 38 of this annual report and are also available on PYI website – www.pyicorp.com.

PYI has also maintained on its website and the HKEx's Website an updated list of its directors identifying their roles and functions and whether they are independent non-executive directors. Independent non-executive directors are also identified as such in all corporate communications that disclose the names of directors of the Company.

Pursuant to the requirement in the Listing Rules, the Company has received a written confirmation from each independent non-executive director of his independence to the Company. The Company considers all of the independent non-executive directors are independent.

9月29日起辭任本公司獨立非執行董事，並由2011年9月29日起不再出任本公司審核委員會、薪酬委員會、提名委員會及企業管治及法規委員會成員；(iv)陳樹堅先生由2011年9月29日起停任為郭少強先生於本公司提名委員會之替任成員；(v)李昌安先生自2011年11月21日起獲委任為本公司審核委員會成員；(vi)陳樹堅先生自2011年11月21日起獲委任為本公司薪酬委員會及提名委員會主席及成員，以及本公司企業管治及法規委員會主席；(vii)梁寶榮先生自2011年11月21日起獲委任為本公司提名委員會及企業管治及法規委員會成員，以及陳樹堅先生於本公司股份回購委員會之替任成員；以及(viii)陳耀麟先生自2011年11月23日獲委任為本公司執行董事及企業融資總監外。各位董事的簡介詳情載於本年報的第34至38頁，有關資料亦已登載保華網站 – www.pyicorp.com。

保華亦在其網站及香港交易所網站上設存最新的董事局成員名單，並列明其角色和職能，以及註明其是否獨立非執行董事。在所有披露本公司董事姓名的公司通訊中，均列明獨立非執行董事姓名。

根據《上市規則》之要求，本公司已收到每名獨立非執行董事就其獨立性之書面確認。本公司視所有獨立非執行董事為獨立人士。

All Board members have complied with the requirement of Securities and Futures Ordinance regarding disclosure of their respective interests in PYI and its associated corporations during the year. Interests and short positions of PYI's directors in shares, underlying shares and debentures of PYI and its associated corporations are disclosed in the Directors' Report on pages 80 and 81 of this annual report.

Board Meetings and Process

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 Board and Board committees meetings to be conducted within the next financial year are issued well in advance to all members, thus well-facilitating more participation by the directors in every meetings. Within the year, 6 Board meetings were held and most directors recorded over 75% attendance in, and four directors recorded 100% attendance in, regular Board and Board committees meetings.

The Board meets at least 4 times a year to review financial performance, strategy and operations. Notice of not less than 14 days (or other reasonable period) will be given for each meeting and agenda and board papers will be given 3 days (or other reasonable period) prior to the meeting.

Senior management and professional advisers are invited to attend Board meetings to brief the Board on issues considered by the Board where appropriate. In the event where independent professional advice is required, the seeking of such advice was abided by pre-approved procedures.

The minutes for all of the Board meetings, which were recorded in sufficient detail, were circulated to all directors within a reasonable period after meetings for their comments and were kept in the minutes book for inspection by directors.

Also, each director is required to make disclosure of his interests or potential conflict of interests, if any, in any proposed transactions or issues discussed by the directors at Board meetings. Any director shall not vote on any resolution of the Board approving any contract or arrangement or any other proposal in which he is materially interested nor shall he be counted in the quorum present at the meeting.

年內，所有董事局成員皆遵守證券及期貨條例之要求，披露彼等各自於保華及其相聯法團的利益。保華董事於保華及其相聯法團之股份、相關股份及債券的權益及淡倉載於本年報第80及81頁的董事局報告書內。

董事局會議及程序

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，下一個財政年度之董事局及董事局委員會開會時間表將預早發送給全體成員，令董事們作好安排可參與更多會議。年內，共舉行了6次董事局會議，大部份董事於年內舉行的董事局定期會議及董事局委員會會議有75%以上的出席率，而其中四位董事更有100%的出席率。

董事局每年至少召開4次會議，以審查財務業績、策略和營運。每次召開董事局會議發出至少14天通知(或其他合理期限)，而議程及會議文件在會議3天前(或其他合理期限)發出。

在適當的情況下，高級管理層及專業顧問將獲應邀出席董事局會議，就董事局考慮的事項作出簡報。凡需尋求獨立專業意見，須符合既定程序。

所有董事局會議紀錄均紀錄詳盡，亦在合理的期限內分發給每位董事，以供董事表達彼等意見，而該等會議紀錄備存會議紀錄冊內供董事查閱。

再者，每名董事均須於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。任何董事於任何合約、安排或任何其他建議中佔有重大利益，有關董事皆不得就通過該合約、安排或建議的董事局決議案進行表決，亦不得計入該次會議上出席的法定人數。

Board Tenure

As stipulated by PYI's bye-laws, all directors (including non-executive directors) are required to retire by rotation at least once every three years and seek for re-election at annual general meeting. At each annual general meeting, one-third of the directors for the time being shall retire from office. Any new directors appointed either to fill a casual vacancy or as an addition to the Board during the year by the Board following the recommendation of the Nomination Committee are subject to re-election by shareholders of PYI at the next following general meeting after their appointment.

All directors (including non-executive directors) have entered into letters of appointment with PYI for a term of three years subject to retirement from office by rotation and re-election at annual general meeting.

In the annual general meeting on 16 September 2011, Mr Chan Shu Kin and Mr Li Chang An, being retired by rotation, were successfully re-elected as directors of PYI for a term of approximately three years until the conclusion of the annual general meeting to be held in 2015.

In the forthcoming annual general meeting, Dr Chan Kwok Keung, Charles and Mr Leung Po Wing, Bowen Joseph will retire by rotation. The retiring directors, being eligible, seek re-election and their respective biographies are set out in the Letter of our Board in the circular for re-election of directors.

Directors' Commitments

All directors are committed to devote sufficient time and attention to the affairs of the Group. They have disclosed to PYI the identity of public companies or organizations in which they have held offices, and the number and nature of the offices, and are required to notify PYI of any changes of such information in a timely manner. Directors are also required to confirm details of biographies and their time commitments to the affairs of PYI as well as the time committed to other public companies or organizations on an annual basis.

董事局任期

依照保華之公司細則規定，所有董事（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。於每屆股東週年大會上，當時三分之一的董事須輪值告退。而任何在年內經提名委員會推薦後，由董事局委任的董事，不論是填補董事局之臨時空缺，或出任董事局之新增成員，均須在他們委任後的股東大會上由保華股東選舉連任。

所有董事（包括非執行董事）已與保華訂立委任書，任期為三年，惟須於股東週年大會上輪值告退及重選連任。

於2011年9月16日舉行的股東週年大會上，陳樹堅先生及李昌安先生輪值告退，並成功膺選連任為保華董事，為期約三年直至2015年舉行之股東週年大會結束時屆滿。

於即將舉行之股東週年大會上，陳國強博士及梁寶榮先生將輪席退任。該等退任董事均符合資格重選，並尋求膺選連任。而彼等之履歷載於有關重選董事的通函中之董事局函件內。

董事的承擔

所有董事均致力投入足夠時間及精神以處理本集團的事務。他們已向保華披露他們擔任職位的公眾公司或組織的名稱、職位的數目及性質，且在該等資料有任何變動須及時通知保華。董事亦須每年確認其個人履歷及投入處理保華事務以及其他公眾公司或組織之時間詳情。

Training and Professional Development

For all newly appointed directors, a comprehensive and tailored induction programme is administered to ensure full awareness of responsibilities under statute and common law, PYI Code of Conduct, the Listing Rules and other regulatory requirements and the business and governance policies of the Group.

PYI continued to keep abreast of any updates on the governing laws and regulations of the jurisdictions where it operates businesses and applicable guidelines and rules issued by regulatory authorities. PYI believes that it is effective to enhance corporate governance through regular trainings within the Group. This year, our directors and senior management have attended seminars and/or been briefed on the updates of the CG Code. In addition to regular attendance at Board and Board committees meetings and in order to have a better understanding of our business operations, directors including all independent non-executive directors have participated field trips to Nantong, Jiaying and Xiao Yangkou in April 2011 and May 2012 respectively.

PYI recognises the importance of continuing professional training for directors and senior management. Apart from monthly management updates since April 2012, on an ongoing and regular basis, directors are encouraged to keep up to date on all matters relevant to the Group and attend briefings and seminars as appropriate. The training and continuous professional development of directors and senior management will be reviewed by the Corporate Governance and Compliance Committee on an annual basis.

Since June 2012, we have set up a training centre in Hangzhou office that is responsible for organising regular internal trainings for the staff of the Group.

Board Committees

Constantly striving to achieve greater transparency and accountability to PYI's shareholders, the Board has established five Board committees, namely, the Audit Committee, Remuneration Committee, Nomination Committee, Corporate Governance and 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's website – www.pyicorp.com. A majority of members of all Board committees are independent non-executive directors.

The Board may also establish committees (including independent board committee) on an ad hoc basis to approve projects as it deems necessary.

培訓及專業發展

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、保華行為守則、《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。

保華繼續緊貼其經營業務地區之管限法律規章，以及監管機構出具的適用指引及規則之更新。保華也相信，通過本集團的定期培訓，有效提升企業管治。於本年度，董事及高級管理層出席研討會，並／或獲簡述企管守則之更新。為着能更了解我們的業務運作，除定期出席董事局及董事局委員會會議，董事包括所有獨立非執行董事分別於2011年4月及2012年5月到南通、嘉興及小洋口實地考察。

保華確認持續專業培訓對董事及高級管理層的重要性。除了2012年4月以來，在一個持續及定期的基礎上，每月更新管理資料外，亦鼓勵董事緊貼與本集團有關的所有事項，並參加合適的簡報會和研討會。企業管治及法規委員會將每年檢討董事及高級管理層的培訓及持續專業發展。

自2012年6月，我們在杭州辦事處設立培訓中心，負責定期舉辦本集團員工的內部培訓。

董事局委員會

為求對保華股東實踐更高透明度及提高問責性，董事局已成立五個董事局委員會：即審核委員會、薪酬委員會、提名委員會、企業管治及法規委員會及股份回購委員會；每個董事局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。而所有董事局委員會的大多數成員是獨立非執行董事。

在董事局認為需要的情況下，就批准項目，以特設基準設立委員會（包括獨立董事委員會）。

CORPORATE GOVERNANCE REPORT

企業管治報告

All Board committees have adopted, to a large extent, the same principles, procedures, and arrangements as those of the Board and are provided with sufficient resources to perform their duties. The Board committees will make recommendations to the Board on a regular basis unless there are legal or regulatory restrictions on their ability to do so.

董事局委員會大致上採納與董事局相同的原則、程序和安排，並獲供給充足資源以履行其職責。董事局委員會將向董事局定期匯報其建議，除非董事局委員會受法律或監管限制而不能作出匯報。

ATTENDANCE RECORD OF MEETINGS

會議出席紀錄

	Board 董事局	Audit 審核	Board Committees 董事局委員會				Shareholders 股東
			Remuneration 薪酬	Nomination 提名	Corporate Governance and Compliance 企業管治及法規	Share Repurchase 股份回購	
Number of meetings held during the year 年內舉行會議次數	6	3	3	1	3	0	2
Independent Non-Executive Directors 獨立非執行董事							
Mr Chan Shu Kin 陳樹堅先生	6/6	3/3	1/1	0/0	3/3	0/0	2/2
Mr Leung Po Wing, Bowen Joseph 梁寶榮先生	6/6	3/3	3/3	0/0	2/2		0/2
Mr Li Chang An 李昌安先生	4/6	2/2					0/2
Dr Chow Ming Kuen, Joseph 周明權博士 (retired on 16 September 2011於2011年9月16日退任)	2/3	0/1	1/2	0/1	0/1		1/1
Mr Kwok Shiu Keung, Ernest 郭少強先生 (resigned on 29 September 2011於2011年9月29日辭任)	4/4	0/1	2/2	1/1	1/1		1/1
Executive Directors 執行董事							
Mr Lau Ko Yuen, Tom 劉高原先生	6/6		3/3	1/1		0/0	2/2
Mr Chan Yiu Kun, Alan 陳耀麟先生 (appointed on 23 November 2011於2011年11月23日獲委任)	1/2						0/0
Non-Executive Director 非執行董事							
Dr Chan Kwok Keung, Charles 陳國強博士 (with Mr Chan Yiu Lun, Alan as alternate) (陳耀麟先生為替任董事)	5/6						2/2
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					3/3		2/2

CORPORATE GOVERNANCE REPORT

企業管治報告

The following tables show the composition of the Board committees, their respective roles and functions and a summary and/or report of the works performed by them during the financial year 2011/12:

以下列表顯示於2011／12財政年度董事局委員會的組成，其角色與職能及其工作摘要及／或報告：

REMUNERATION COMMITTEE 薪酬委員會	
Composition 組成	<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="text-align: center;"> <p>2 Independent Non-Executive Directors 獨立非執行董事</p> <p>Mr Chan Shu Kin 陳樹堅先生 (<i>chairman</i>主席) (<i>appointed as chairman and member on 21 November 2011</i> 於2011年11月21日獲委任為主席及成員)</p> <p>Mr Leung Po Wing, Bowen Joseph 梁寶榮先生 Dr Chow Ming Kuen, Joseph 周明權博士 (<i>ceased to be chairman and member on 16 September 2011</i> 於2011年9月16日不再為主席及成員)</p> <p>Mr Kwok Shiu Keung, Ernest 郭少強先生 (<i>resigned as member with effect from 29 September 2011</i> 於2011年9月29日辭任為成員)</p> </div> <div style="font-size: 2em; color: blue; margin: 0 20px;">+</div> <div style="text-align: center;"> <p>1 Executive Director 執行董事</p> <p>Mr Lau Ko Yuen, Tom 劉高原先生</p> </div> </div>
Role & Function 角色與職能	<ul style="list-style-type: none"> ✓ 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式，向董事局作出推薦意見 ✓ Determines or makes recommendation to the Board the specific remuneration packages of individual 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 決定或向董事局建議個別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
Summary of work performed 工作摘要	<ul style="list-style-type: none"> ✓ Recommended the aggregate amount of directors' fees for shareholders' approval at 2011 annual general meeting 建議董事袍金總數額，供股東在2011年股東週年大會上批准 ✓ Reviewed the remuneration packages of senior management 檢討高級管理層的薪酬計劃 ✓ Reviewed the reward strategy for the implementation of the approved corporate strategy 檢討獎勵戰略，以執行經核准的企業戰略 ✓ Reviewed and determined the remuneration packages of the directors on their appointments 檢討及釐定獲委任董事之薪酬待遇

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.

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 either be equity-based and/or cash-based; and
- ✓ equity-based and/or cash 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 as well as cash bonus.

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。

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

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及／或現金為基礎，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，考慮以股份及／或現金為基礎的獎賞。

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，以及現金花紅。

NOMINATION COMMITTEE

提名委員會

Composition
組成

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

Mr Chan Shu Kin 陳樹堅先生 (*chairman*主席)
(*ceased to be alternate to Mr Kwok Shiu Keung*
on 29 September 2011 and appointed as chairman and
member on 21 November 2011

於2011年9月29日不再為郭少強先生之替任成員，
及於2011年11月21日獲委任為主席及成員)

Mr Leung Po Wing, Bowen Joseph 梁寶榮先生
(*appointed as member on 21 November 2011*

於2011年11月21日獲委任為成員)

Dr Chow Ming Kuen, Joseph 周明權博士
(*ceased to be chairman and member on 16 September 2011*

於2011年9月16日不再為主席及成員)

Mr Kwok Shiu Keung 郭少強先生
(*resigned as member on 29 September 2011*
於2011年9月29日辭任為成員)

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 at least annually and make recommendations to the Board regarding any proposed changes
至少每年檢討董事局的架構、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 select, or make 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，及挑選或向董事局提名推薦有關人士出任董事
- ✓ 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 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

Summary of work
performed
工作摘要

- ✓ Nominated the retiring directors for re-election by shareholders at 2011 annual general meeting
提名退任董事在2011年股東週年大會上膺選連任
- ✓ Considered and recommended to the Board the appointment of Mr Lau Ko Yuen, Tom as the Chairman of the Company
考慮並向董事局提出委任劉高原先生為本公司主席
- ✓ Considered and recommended to the Board the appointment of Mr Chan Yiu Lun, Alan as an Executive Director of the Company
考慮並向董事局提出委任陳耀麟先生為本公司執行董事
- ✓ 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

CORPORATE GOVERNANCE REPORT

企業管治報告

Nomination Procedures, Process and Criteria

提名程序、過程以及準則



CORPORATE GOVERNANCE AND COMPLIANCE COMMITTEE (Formerly known as Compliance Committee)

企業管治及法規委員會 (前稱法規委員會)

Composition 組成

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

1 Company Secretary 公司秘書

Mr Chan Shu Kin 陳樹堅先生 (*chairman*主席)
(appointed as chairman on 21 November 2011
於2011年11月21日獲委任為主席)

Mr Leung Po Wing, Bowen Joseph 梁寶榮先生
(appointed as member on 21 November 2011
於2011年11月21日獲委任為成員)

Dr Chow Ming Kuen, Joseph 周明權博士
(ceased to be chairman and member on 16 September 2011
於2011年9月16日不再為主席及成員)

Mr Kwok Shiu Keung 郭少強先生
(resigned as member on 29 September 2011
於2011年9月29日辭任為成員)



Mr Ko Hiu Fung 高曉峰先生

Role & Function 角色與職能

- ✓ Develops and reviews the Company's policies and practices on corporate governance and make recommendations to the Board
制定及檢討本公司的企業管治政策及常規，並向董事局提出建議
- ✓ Reviews and monitors the training and continuous professional development of directors and senior management
檢討及監察董事局及高級管理層的培訓及持續專業發展
- ✓ Reviews and monitors the Company's policies and practices on compliance with legal and regulatory requirements and to meet regularly with the management of the Company to assess the Company's compliance policies, programs and procedures
檢討及監察本公司在遵守法律及監管規定方面的政策及常規，並與本公司的管理層定期舉行會議，以評估本公司的守規政策、方案及程序
- ✓ Develops, reviews, monitors and approves any code of conduct and compliance manual (if any) applicable to employees and directors of the Company
制定、檢討、監察並批准本公司僱員及董事的任何行為準則、合規手冊(如有)

CORPORATE GOVERNANCE REPORT

企業管治報告

CORPORATE GOVERNANCE AND COMPLIANCE COMMITTEE (Formerly known as Compliance Committee) (continued)

企業管治及法規委員會
(前稱法規委員會)(續)

- ✓ Investigates or causes to be investigated any significant instances of non-compliance or potential compliance violations that are reported to the Corporate Governance and Compliance Committee
對企業管治及法規委員會獲彙報的任何重大違規或潛在違規情況加以調查或安排調查
- ✓ Reviews the Company's compliance with the Corporate Governance Code as contained in the Listing Rules and disclosure in the Corporate Governance Report
檢討本公司遵守《上市規則》內之企業管治守則的情況及在《企業管治報告》內披露

Summary of work performed

工作摘要

- ✓ Reviewed the Corporate Governance Report for the year ended 31 March 2011
審閱截至2011年3月31日止年度之《企業管治報告》
- ✓ Reviewed the compliance reports on the Code of Conduct of PYI
審閱保華行為守則的常規遵從報告
- ✓ Reviewed updated compliance reports of the Company and its major PRC subsidiaries
審閱本公司及其中國主要附屬公司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 Director

獨立非執行董事

Mr Chan Shu Kin 陳樹堅先生 (*chairman*主席)

Mr Leung Po Wing, Bowen Joseph 梁寶榮先生

(*appointed as alternate to Mr Chan Shu Kin on 21 November 2011*)

於2011年11月21日獲委任為陳樹堅先生之替任成員)

Dr Chow Ming Kuen, Joseph 周明權博士

(*ceased to be alternate to Mr Chan Shu Kin on 16 September 2011*)

於2011年9月16日不再為陳樹堅先生之替任成員)

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

AUDIT COMMITTEE

審核委員會

Composition

組成

3 Independent Non-Executive Directors

獨立非執行董事

Mr Chan Shu Kin 陳樹堅先生* (chairman主席)

Mr Leung Po Wing, Bowen Joseph 梁寶榮先生

Mr Li Chang An 李昌安先生

(appointed as member on 21 November 2011

於2011年11月21日獲委任為成員)

Dr Chow Ming Kuen, Joseph 周明權博士

(ceased to be member on 16 September 2011

於2011年9月16日不再為成員)

Mr Kwok Shiu Keung, Ernest 郭少強先生

(resigned as member on 29 September 2011

於2011年9月29日辭任為成員)

* 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 performed

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全年度綜合財務報表，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 audit of the Group's 2011 final results
批准外聘核數師就審核本集團2011年末期業績所建議的核數費
- ✓ Approved audit fee proposal of external auditor in connection with the review of the Group's 2012 interim results
批准外聘核數師就審閱本集團2012年中期業績所建議的核數費

AUDIT COMMITTEE (continued)

審核委員會 (續)

- ✓ Approved the engagement of external auditor to provide non-audit services with service fee over HK\$500,000
批准委任外聘核數師提供非核數服務，而所需服務費超過五十萬港元
- ✓ Reviewed the connected transactions of the Group
審閱本集團之關連交易
- ✓ Recommended the re-appointment of Deloitte Touche Tohmatsu as the Group's external auditor at 2011 AGM
建議於2011年股東週年大會上重新委任德勤•關黃陳方會計師行為本集團外聘核數師
- ✓ 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

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.

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
- ✓ 遵守適用法律及規則

此系統旨在管理而非消除導致未能達至業務目標的風險，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 and Internal Control

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 was able to identify the key risks facing the Group. The risks are prioritized according to the likelihood of their occurrence and the significance of their impact on the businesses of the Group and risk management measures are in place to manage the risks to an acceptance level.

To support management in responding to risks arising from the complex and changing business environment, regular trainings are provided to our management to strengthen their awareness of risk and capability to manage risks. The trainings provided this year mainly included topics such as connected transactions under Listing Rules and China laws and regulations, ports operating risks and using insurance to mitigate these risks, latest development on bank financing in China, corporate code of conduct and corporate change management. In the second quarter of 2012, the Group has set up a training center in its Hangzhou Supporting Center to co-ordinate and organise the Group's trainings across the Mainland region and archive training materials.

The Hangzhou Supporting Center has completed the annual reassessment of ISO9001: 2008 – Quality Management System certification obtained last year and has set up a data center to provide remote off-site storage of the financial backup data of PYI's subsidiaries in Zhejiang and Hubei regions so as to further mitigate the risk of data loss that may result from information system failure. This service will be extended to PYI's other subsidiaries in Nantong region in the second half of 2012.

Moreover, the Group has established an Enquiry and Complaint Center and has developed policy to allow employees of the Group to raise concerns about potential improprieties in financial reporting, internal control or other matters. The implementation procedure of this policy will be released and implemented in the second half of 2012.

Review of Internal Control System

Management is required to perform control self assessments annually to assess the effectiveness of their systems of internal control at business units level. 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 and Communication and Monitoring. In order to extend the scope of the review, the control self assessment conducted in this year has been extended to cover controls at business processes level.

風險管理和內部監控

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面對的主要風險。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。

面對複雜多變的營商環境，為了協助管理層有效地應付風險，公司定期向管理層提供相關的培訓，以增強其風險意識和管理控制風險的能力。本年度向管理層提供的培訓主要包括《上市規則》及中國內地有關「關連交易」的法律法規，經營港口風險和透過保險減輕風險，國內銀行融資的最新情況，企業行為準則及企業轉型管理等主題。本集團亦於2012年第二季在杭州的支援中心成立培訓中心，以協調及籌備本集團於中國大陸地區的培訓及把培訓材料歸檔。

繼去年取得 ISO9001:2008 - 質量管理體系的資格後，杭州的支援中心亦於年內完成有關的年檢，而且還於中心內設立了數據庫，為浙江及湖北地區的附屬公司在當地數據備份的基礎上提供財務數據遠程異地保存的服務，以進一步減少系統故障引起的數據丟失風險。該數據異地保存服務將於2012年的下半年伸展到集團南通區域的其他附屬公司。

另外，本集團亦成立了信訪及投訴中心並制定政策讓本集團員工可就財務匯報及內部控制或其他方面可能發生的不正當行為提出關注。有關制度的實施細則將在2012年的下半年頒佈實施。

內部監控系統的檢討

管理層須每年進行監控自行評估，以評估業務單位層面的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。為擴大對內部監控檢討的覆蓋範圍，本年度的內部監控自行評估已伸展到業務流程層面的內部控制。

The control self assessment has not only facilitated the identification of control deficiencies, it has also enhanced management's awareness of risk and control. In addition to the control self assessment, management has also conducted an annual review of the policies and procedures of PYI to ensure that they are still effective and adequate.

Internal audit department of PYI has carried out independent audits to evaluate the effectiveness of the Group's system of internal control according to the approved three-year internal audit plan for the Group. This audit plan 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.

Management has formulated remedial action plan for gaps and weaknesses identified during the control self assessments, independent internal control review performed by external consultant and internal audit. The internal audit department has conducted follow-up review periodically to ensure remedial actions are implemented on a timely basis and has reported the results of the review to the Audit Committee.

For the year ended 31 March 2012, the Board was not aware of any significant issues that would have an adverse impact on the effectiveness and adequacy of the internal control system of the Group.

Review of Accounting and Financial Reporting Function

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 results of the review.

Update of Policy on Disclosure

In view of proposed amendment to the Securities and Future Ordinance, the Group has reviewed and recently updated its policy on disclosure and public relations.

監控自行評估工作不但能協助管理層識別管理上的缺陷，還可以提升他們的風險及內部控制意識。除了進行監控自行評估之外，管理層每年亦審閱保華的政策及程序，以確保其仍然有效及完備。

保華內部審計部門按已審批的三年期集團內部審計計劃，對本集團內部控制系統的有效性作出獨立審查。這個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。

管理層已就監控自行評估及由外部顧問進行的獨立內部監控審閱以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，已定期作出跟進審核，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核結果。

截至2012年3月31日止年度，董事局未發現對本集團內部監控系統的有效性及足夠性構成不利影響的重大問題。

會計及財務匯報職能的檢討

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資源足夠性、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檢討，並對檢討結果表示滿意。

更新披露政策

鑑於證券及期貨條例的修訂建議，本集團近日已審閱亦更新了其披露及公眾關係的政策。

INTERNAL AUDIT

The internal audit department of PYI set up in November 2007 is headed by the Group Internal Audit Senior Manager who reports directly to the Audit Committee of PYI. It plays an important role in the internal governance of the Group. With the assistance from external internal audit consultant, the internal audit department is primarily responsible for conducting review and audit on the effectiveness of the Group's system of internal control periodically.

The internal audit department is independent from operational management and is fully empowered to access to data required in performing the internal audit review. Moreover, the department is comprised of well qualified and capable staff and is provided with adequate resources to perform its duties.

During the year 2011/2012, the internal audit department has completed internal audit works for the first year of its second three-year internal audit strategic plan including a compliance review on the ISO9001:2008 certification of Hangzhou Supporting Center in order to ensure the continuity of the certification. The plan was developed by adopting risk-based approach and was approved by the Audit Committee to guide and direct the internal audit assignments over the period. During the process of internal audits, the department identified internal control weakness, made recommendations for improvement, obtained remedial action plan of management and followed up remedial status of the management action plan and its timeliness.

內部審計

於2007年11月成立的保華內部審計部門乃由本集團內部審計高級經理主管，彼直接向保華審核委員會匯報。內部審計部門於本集團內部管治擔當重要角色，並聯同外聘的內部審計顧問主要負責對本集團內部系統的有效性定期作出覆核及審查。

內部審計部門獨立於營運管理，被授予全權使用需作內部審計覆核的資料；及由有資格及能力的員工組成及有足夠資源去履行其職責。

於2011/2012年度，內部審計部門已經完成了第二個三年內部審計戰略計劃首年的內部審計工作，包括對杭州支援中心進行 ISO9001：2008合規覆核，以確保其繼續獲得認證。該計劃建基於風險為導向，並獲審核委員會批准，用以指引及管理期內內部審計工作。在內部審計過程中，該部門識別內部控制弱點，提出改善建議，取得由管理層制定的改善方案，並對管理層的方案改善情況及其及時性作出跟進。

CORPORATE GOVERNANCE REPORT

企業管治報告

EXTERNAL AUDITOR

Deloitte Touche Tohmatsu (“Deloitte”) has been re-appointed as the Company’s external auditor at 2011 annual general meeting until the conclusion of the next annual general meeting. The Audit Committee in its meeting on 21 June 2012 recommended the re-appointment of Deloitte as the Company’s external auditor at 2012 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.

外聘核數師

德勤•關黃陳方會計師行(「德勤」)已於2011年股東週年大會上被重新委任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2012年6月21日之會議上建議在2012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核數服務。

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	2012 HK\$'000 千港元	2011 HK\$'000 千港元
Audit services	核數服務	7,584	7,554
Non-audit services	非核數服務		
Taxation advisory	稅務諮詢	403	315
Special engagements	特定委聘	6,874	4,120
Total	總額	14,861	11,989

CORPORATE SOCIAL RESPONSIBILITY

In 2011/2012, the Group continued to discharge its corporate social responsibility in many areas, both internally and towards to the community.

Our most notable contribution in 2011 is the participation of our employees in the fund raising campaign in Hong Kong - the Artistes 311 Love Beyond Borders for the victims of the tsunami along the east coast of Japan. We witnessed the destruction caused by the disaster and our hearts are with those who suffered the loss of their homes and their families. To contribute to the rebuilding of their lives, PYI encouraged and supported our executive and staff's efforts to participate and to contribute their professional skills to the success of the campaign. Their efforts, combined with those of the Hong Kong citizens, raised the much-needed funds for the victims. We sincerely support the culture of volunteering amongst our staff and will continue to support their efforts in the years to come. In addition, we also donated HK\$1,000,000 to Friends of Hope Education Fund of Hong Kong in December 2011 with the hope to support education works in both Hong Kong and the Mainland China which include sponsoring tuition fees for AIDS infected children in Wuhan, building and repairing schools in Guizhou and helping ethnic minority in Hong Kong to cope with the community.

In January 2012, PYI is honored to have sponsored a study tour to Hong Kong for 30 outstanding secondary school students from Wuhan for the fourth year and organized trips to Housing Authority, secondary school, universities and the Stock Exchange in Hong Kong aiming at educating the students on the educational and commercial operations in Hong Kong with the continual belief in growing the potential of the next generation. Currently, PYI is organising a study tour to Hong Kong in July 2012 for outstanding secondary school students from Nantong for the sixth year. We are delighted to witness an impressive percentage of the students, who are among the top students in their home towns, chose to pursue their tertiary education in Hong Kong.

At PYI, our businesses are intricately connected to the environment. With a sense of social responsibility towards the environment, we supported the global "Earth Hour" campaigned by World Wide Fund ("WWF") by turning off the non-essential lights in our office for an hour at 8:30 p.m. on 31 March 2012. We also encouraged our staff to support "Earth Hour" through our internal communications. In appreciation of our efforts, PYI is pleased to have received thanks from WWF.

企業社會責任

於2011/2012年度，本集團在內部及面向社會的多個領域仍盡其企業社會責任。

在2011年，我們最顯著的貢獻便是我們的員工參與香港一個籌款活動——為日本沿東海岸地震和海嘯受害者籌款的愛心無國界311燭光晚會。我們見證著由災難所造成的破壞，並為那些痛失家園及家人的災民獻出愛心。為幫助災民重新投入生活，保華鼓勵及支持我們的管理層及員工盡力參與及投入其專業技術，使該等活動得以成功。我們的管理層及員工連同香港市民的努力，為災民籌集了所需的款項。我們由衷地支持我們員工間的義工文化，並於來年繼續支持他們投入參與。再者，我們亦於2011年12月捐出一百萬港元予香港的希望之友教育基金，藉此希望支持香港及中國內地教育工作包括贊助武漢受愛滋病感染的兒童、建設及修葺貴州的學校及協助香港少數民族融入社區。

於2012年1月，保華非常榮幸能在第四個年頭贊助30名武漢優秀中學生前往香港的學術訪問，安排學生參觀香港的房屋委員會、中學、大學及聯交所，讓學生認識香港的教育及商業運作，不斷為下一代啟發潛能。現在，保華正籌備在第六個年頭為南通優秀中學生於2012年7月前往香港的學術訪問。我們慶幸見證有為數不少的當地優秀學生，選擇在香港接受高等教育。

在保華，我們的行業與環境有著不可言喻的連繫。懷著對環境的社會責任感，我們響應由世界自然基金會（「世基會」）主辦的全球性「地球一小時」活動，於2012年3月31日晚上8時30分起一小時內在辦公室關上非必要的燈光。我們亦透過內部通訊，鼓勵員工響應「地球一小時」活動。為此保華收到由世基會發出的感謝，以讚揚我們的努力。

CORPORATE GOVERNANCE REPORT

企業管治報告

While PYI remains committed to the good of the society, both locally and regionally, we are also focused on caring for our staff's well being. We encourage our staff to maintain a healthy work-life balance and continue to support their efforts towards voluntary work. In addition, PYI is proud to be accredited, for the fourth year running, with the Caring Company Award by The Hong Kong Council of Social Service.

As we progress into the new fiscal year, PYI would like to maintain our focus to be a responsible and caring corporate citizen, contributing to the community while driving profitability for our shareholders.

By Order of the Board

Ko Hiu Fung

Company Secretary

Hong Kong, 22 June 2012

保華在保持著對本地及整體地區性的社會利益的同時，亦關注員工的身心健康。我們鼓勵員工維持健康平衡的工作生活及繼續支持其義務工作。此外，我們對保華第四年榮獲香港社會服務聯會頒發「商界展關懷」獎項，深感自豪。

邁向新的財政年度，為股東謀求盈利之餘，保華將竭力貢獻社會，務求成為一個負責任兼關愛的企業公民。

承董事局命

公司秘書

高曉峰

香港，2012年6月22日