

# 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.

In the corporate governance report published in PYI's 2013 annual report (which can be viewed on PYI's website: [www.pyicorp.com](http://www.pyicorp.com)), we reported that, save for the deviation disclosed therein, PYI has applied the principles and complied with all applicable code provisions of the Corporate Governance Code (the “CG Code”) set out in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), and adopted some of the recommended best practices for the year ended 31 March 2013.

Throughout the year ended 31 March 2014, PYI continued to comply with the code provisions as set out in the CG Code and adopt some of the recommended best practices, except for the following deviation:

*Code Provision A.2.1 of the CG Code 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 of directors of PYI (the “Board”) believes that it is appropriate and in the interests of PYI for Mr Lau Ko Yuen, Tom 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 more than 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持份者的利益。

於保華2013年年報內之企業管治報告(可於保華網站：[www.pyicorp.com](http://www.pyicorp.com)瀏覽)中，我們報告，除當中所披露之偏離事項外，保華已於截至2013年3月31日止年度引用及遵守《香港聯合交易所有限公司(「聯交所」)證券上市規則》(《上市規則》)附錄十四所載之《企業管治守則》(《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。

於截至2014年3月31日止年度，保華繼續遵守《企管守則》所載之守則條文，並採納某些建議最佳常規，惟以下偏離事項除外：

《企管守則》之守則條文A.2.1規定，主席與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主席(「主席」)，履行主席兼行政總裁的角色。

保華董事局(「董事局」)認為在現階段由劉高原先生同時兼任兩個角色乃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，其中超過半數為獨立非執行董事，確保有足夠的權力制衡。

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In addition, to demonstrate PYI's continued commitment to high standards of corporate governance, the Board adopted a Board Diversity Policy, a summary of which is set out at page 49 of this report, in June 2013.

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 relevant employees of PYI. After having made specific enquiries, all directors and relevant employees of PYI have confirmed their compliance with the required standard set out in the Model Code during this financial year 2013/2014.

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

此外，為了表達保華對維持高水平企業管治的承諾，董事局於2013年6月採納了董事局成員多元化政策，該政策之摘要載列於本報告第49頁。

保華亦已經採納《上市規則》附錄十中的《上市發行人董事進行證券交易的標準守則》(「標準守則」)，而《標準守則》適用於保華董事及有關僱員。經具體查詢，全體保華董事及有關僱員均確認在本2013/2014財政年度一直有遵守《標準守則》列載之所需標準。

自2009年10月推行保華的行為守則(「行為守則」)，所有保華董事、高級管理層和員工已按特定責任，遵守進行我們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。違反《行為守則》會受到紀律處分。於年內，我們沒有發現任何不遵守《行為守則》的情況。

# CORPORATE GOVERNANCE REPORT

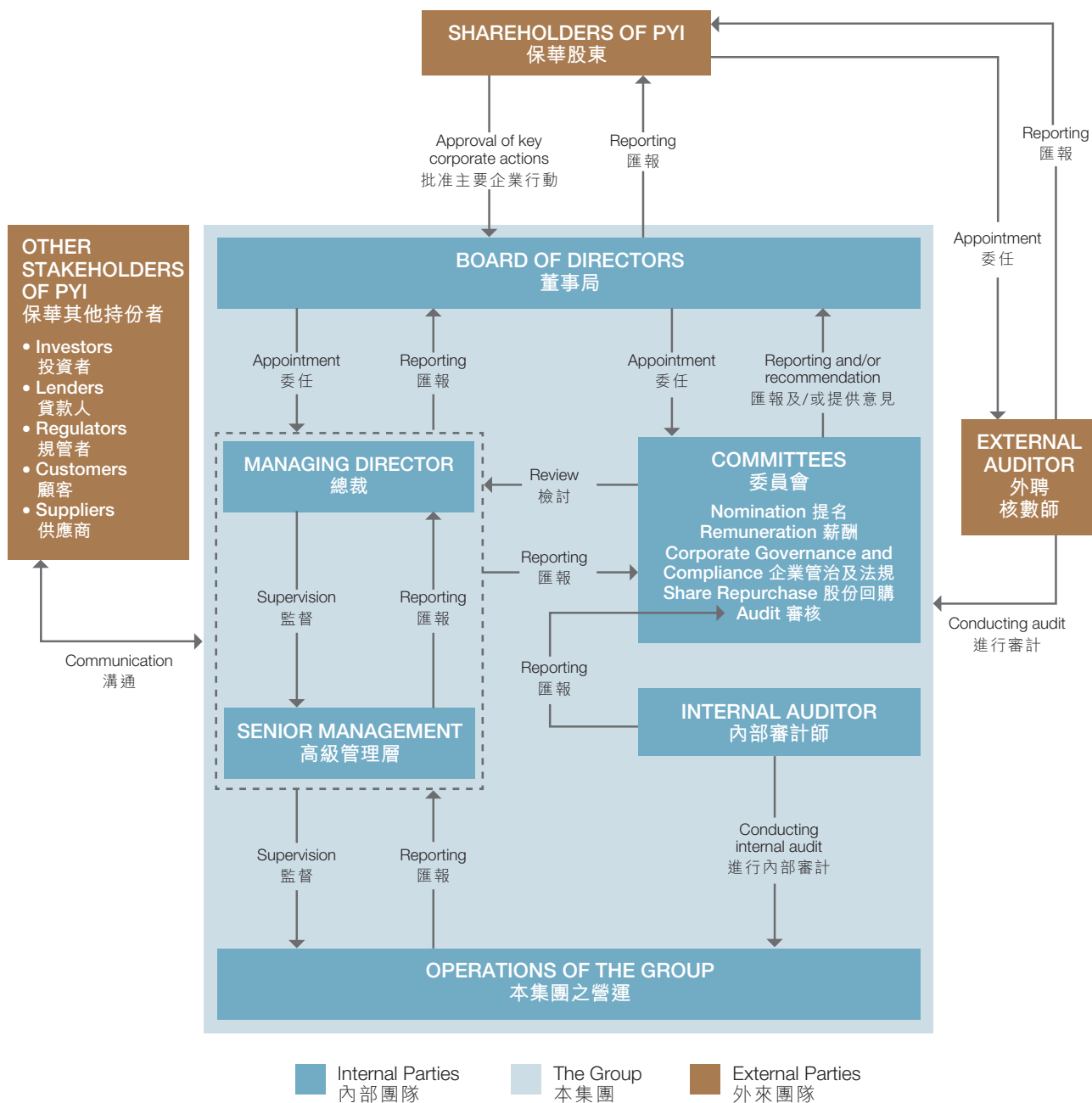
## 企業管治報告

### CORPORATE GOVERNANCE STRUCTURE

### 企業管治架構

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

本集團之企業管治常規及政策，涉及之主要成員架構如下：



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### SHAREHOLDERS

#### *Communication with Shareholders*

As part of corporate governance, PYI is committed to safeguarding shareholders' interests. To achieve this, PYI has established a Shareholders' Communication Policy (which can be viewed on PYI's website: [www.pyicorp.com](http://www.pyicorp.com)) setting out various channels of communication with shareholders and investment community for ensuring effective disclosure of the Company's performance and business activities.

PYI regards its shareholders' meetings as valuable forum for PYI 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.

### 股東

#### *與股東溝通*

作為企業管治的一部份，保華肩負保障股東利益的責任。為了實踐這一目標，保華設立股東通訊政策（可於保華網站：[www.pyicorp.com](http://www.pyicorp.com)瀏覽），設置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。

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During the year, PYI held one general meeting. Voting on resolutions put forward at the general meeting has been taken by way of poll and the poll results have been published and posted on the websites of PYI and Hong Kong Exchanges and Clearing Limited ("HKEx"). All resolutions put to shareholders were passed at the said general meeting. The resolutions and the percentage of votes cast in favour of the resolutions are set out below:

於年內，保華舉行了一次股東大會。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和香港交易及結算有限公司（「香港交易所」）之網站刊載。所有於該股東大會上提呈之議案均獲得通過。所提呈之議案及贊成有關議案之票數比率，列載如下：

<b>PYI'S GENERAL MEETING HELD DURING THE YEAR</b> 在本年度舉行的保華股東大會	
<b>Annual General Meeting on 6 September 2013</b> 於2013年9月6日舉行的股東週年大會	<b>% of Votes Cast For</b> 贊成票數的比率
✓ Approval of the 2013 audited accounts 通過2013年度的經審核賬目	99.89%
✓ Declaration of final dividend for the year ended 31 March 2013 宣派截至2013年3月31日止年度之末期股息	100%
✓ Re-election of Mr Lau Ko Yuen, Tom as director 重選劉高原先生為董事	99.51%
✓ Re-election of Mr Chan Shu Kin as director 重選陳樹堅先生為董事	98.67%
✓ Re-election of Mr Li Chang An as director 重選李昌安先生為董事	99.89%
✓ 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	99.65%
✓ 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	99.94%
✓ Grant of general mandate to directors to issue shares 給予董事發行股份的一般授權	80.68%
✓ 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	80.68%
✓ Approval of the refreshment of the 10% limit on grant of options under the Share Option Scheme 批准更新根據購股權計劃授予購股權之10%限額	91.61%

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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) 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's website: [www.pyicorp.com](http://www.pyicorp.com) and HKEx's website.

Our website is an effective mean of communication 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.

### 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 convened 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 from the Board in the circular for re-election of directors and in our Shareholders Communication Policy.

保華為確保所有股東可就其投資作出明智的決定，以及行使其作為保華股東的權利，除舉行股東大會外，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](http://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。

### 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股東大會，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。

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## BOARD AND BOARD COMMITTEES

### Board's Role and Delegation

The primary role of the 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 42 shows the detailed relationship between the Board, the Managing Director and the senior management as well as other stakeholders.

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

## 董事局及董事局委員會

### 董事局的角色及權力轉授

董事局的主要角色是為股東爭取最大之長遠利益，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。

為提升效率，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42頁的保華企業管治架構，披露董事局、總裁、高級管理層以及其他持份者的詳細關係。

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  
財務申報及監控
- ✓ Equity fund raising  
資本籌措
- ✓ Recommendation/declaration of dividend or other distributions  
股息或其他分派的建議／宣派
- ✓ Notifiable and connected transactions under the Listing Rules and inside information under the Securities and Futures Ordinance  
《上市規則》所述的須予公佈和關連交易及《證券及期貨條例》所述的內幕消息
- ✓ 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



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### 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 external 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 at pages 87 and 88 of this annual report.

### Board Composition

As at the date of this report, there are 7 directors in our Board consisting of 2 executive directors, 1 non-executive director and 4 independent non-executive directors. Non-executive directors accounted for a majority of the Board members whereas independent non-executive directors represented more than 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.

### 董事局對綜合財務報表的責任

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

本公司外聘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87及88頁獨立核數師報告書內。

### 董事局組成

於本報告日期，董事局由七位董事組成，包括兩位執行董事、一位非執行董事及四位獨立非執行董事。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超過半數，從而表現強烈的獨立元素，增強獨立判斷。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 於本報告日期)

#### 4 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  
Ms Wong Lai Kin Elsa 黃麗堅女士

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#### 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

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#### 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)



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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. Brief biographical details of each director (including his/her age, gender, term of office, professional qualification and experience) are set out at pages 32 to 35 of this annual report and also available on PYI's website: [www.pyicorp.com](http://www.pyicorp.com).

PYI has also maintained on its website and 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.

Each independent non-executive director is required to inform PYI as soon as practicable if there is any change in his or her own personal particulars that may affect his or her independence. No such notification was received during the year. Pursuant to the requirement in the Listing Rules, the Company has received a written confirmation on independence from each independent non-executive director. The Company considers all of the independent non-executive directors to be independent.

All Board members have complied with the requirement of the Securities and Futures Ordinance regarding disclosure of their respective interests in PYI and its associated corporations, if any. 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 at pages 80 and 81 of this annual report.

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。

於年內，董事及委員會成員沒有變動。每位董事的簡歷詳情(包括其年齡、性別、任期、專業資格及經驗)載於本年報的第32至35頁，以及可於保華網站：[www.pyicorp.com](http://www.pyicorp.com)內瀏覽。

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，以及註明其是否為獨立非執行董事。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。

如有任何個人變動以致可能會影響其獨立性，每名獨立非執行董事須在切實可行的範圍內盡快通知保華。於年內，保華沒有收到此類別的通知。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出具之書面確認。本公司視所有獨立非執行董事為獨立人士。

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(如有)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。

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### Board Diversity Policy

As mentioned above, a Board Diversity Policy setting out the approach to achieve diversity on the Board was adopted in June 2013. Under the policy:

- (a) the Company recognises and embraces the benefits of having a diverse Board, and sees diversity at Board level as an essential element in achieving a sustainable and balanced development of the Company;
- (b) the Nomination Committee is primarily responsible for reviewing the structure, size and composition of the Board, identifying and selecting suitable individuals to the Board and making recommendations to the Board on any proposed changes to the Board; and
- (c) selection of candidates for directorship with the Company will be based on diversity of perspectives which can be achieved through consideration of a number of factors including but not limited to gender, age, cultural and educational background, ethnicity, professional and industrial experience, skills, knowledge and independence (if applicable).

The Nomination Committee will monitor the implementation of the policy and review the policy, where necessary, to ensure its continued effectiveness.

### 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 meeting. Within the year, 4 Board meetings were held and the overall attendance of Board meetings attained over 96% whereas 100% attendance was recorded for Board committee meetings.

### 董事局成員多元化政策

如前文所述，於2013年6月獲採納之董事局成員多元化政策列明了可實現董事局成員多元化之方針。在該政策下：

- (a) 本公司明白並深信董事局成員多元化的裨益，及視董事局層面日益多元化為達致本公司可持續均衡發展的關鍵元素；
- (b) 提名委員會負責檢討董事局的架構、人數及組成，以物色及甄選合適人選加入董事局，及向董事局提出任何變更董事局之建議；及
- (c) 甄選本公司董事人選將以多元化的角度為基準，包括但不限於性別、年齡、文化及教育背景、種族、專業及行業領域之經驗、技能、知識及獨立性(如適用)等多項因素。

提名委員會將會監察該政策的執行情況及在需要時檢討該政策，以確保其持續行之有效。

### 董事局會議及過程

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。於年內，共舉行了4次董事局會議，董事局會議的整體出席率逾96%，而董事局委員會會議的出席率則達100%。

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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 request for seeking 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 time period after meetings for their comments and were kept in the minute book for inspection by directors.

Also, each director is required to make disclosure of his/her 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/she is materially interested nor shall he/she be counted in the quorum present at the meeting.

#### *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.

董事局每年至少召開4次會議，以審閱財務表現、策略和營運。每次召開董事局會議發出不少於14天通知(或其他合理期限)，而議程及會議文件在會議前3天(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邀出席董事局會議，就董事局考慮的事項作出簡報。徵詢獨立專業意見之要求，須符合既定程序。

所有董事局會議紀錄均記錄詳盡，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，於董事局會議審議交易或事項時，每名董事均須申報其於當中之利益或潛在利益衝突(如有)。於任何合約、安排或任何其他建議中有重大利益之任何董事皆不得就通過該合約、安排或建議的董事局決議案投票，亦不得計入出席該會議的法定人數。

#### *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應選連任。於每屆股東週年大會上，當時三分之一的董事須輪值告退。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，均須在緊隨他們獲委任後舉行的股東大會上獲保華股東重選連任。

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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 of PYI held on 6 September 2013 (the "2013 AGM"), Mr Lau Ko Yuen, Tom, Mr Chan Shu Kin and Mr Li Chang An, who retired from office by rotation, were successfully re-elected as directors of PYI.

In accordance with bye-law 87(1) of the Company's bye-laws, Mr Chan Yiu Lun, Alan, Dr Chan Kwok Keung, Charles and Mr Leung Po Wing, Bowen Joseph will retire from office by rotation at the forthcoming annual general meeting. Except Dr Chan Kwok Keung, Charles and Mr Leung Po Wing, Bowen Joseph who will not offer themselves for re-election, Mr Chan Yiu Lun, Alan, being eligible, will offer himself for re-election as director at the forthcoming annual general meeting. Biography of Mr Chan Yiu Lun, Alan is set out in the Letter from the Board in the circular for re-election of director.

### *Directors' Commitments*

All directors are committed to devoting 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, as well as other significant commitments 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 and other significant commitments on an annual basis.

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。

劉高原先生、陳樹堅先生及李昌安先生在保華於2013年9月6日舉行之股東週年大會(「2013年股東週年大會」)上輪席退任,並獲重選為保華董事。

根據本公司公司細則之細則第87(1)條,陳耀麟先生、陳國強博士及梁寶榮先生於即將舉行之股東週年大會上輪席退任。除陳國強博士及梁寶榮先生不欲應選連任外,陳耀麟先生符合資格重選,並願意於即將舉行之股東週年大會上應選連任為董事。陳耀麟先生的簡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。他們已向保華披露彼等擔任職位的公眾公司或組織的名稱、職位的數目及性質,以及其他重大承擔,且在該等資料有任何變動時須及時通知保華。董事亦須每年確認其個人簡歷、投入處理保華事務之時間,以及其投入公眾公司或組織與其他重大承擔之時間詳情。

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#### *Training and Professional Development*

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

PYI recognises the importance of continuing professional training for directors and management and believes that it is effective to enhance corporate governance through regular training within the Group. Apart from reading monthly management updates, directors are encouraged to keep up to date on all matters relevant to the Group and attend briefings and seminars at the expense of PYI on an ongoing and regular basis.

This year, our directors and management continued to keep abreast of any updates on the governing laws and regulations of the jurisdictions where PYI operates businesses and applicable guidelines and rules issued by regulatory authorities and attended seminars organised by professional bodies and/or been provided with materials of such seminars. Our Hangzhou training centre is responsible for organising regular internal training for management of the Group. 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 in field trip to Xiao Yangkou in October 2013.

#### *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、《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。

保華確認向董事及管理層提供持續專業培訓的重要性，並相信通過本集團的定期培訓，有效提升企業管治。除閱讀月度管理報告外，本集團亦鼓勵董事持續及定期接收有關本集團所有事宜之最新資訊及出席由保華付費之簡報會及研討會。

於本年度，我們的董事及管理層繼續緊貼保華有經營業務之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，並出席由專業機構舉辦之研討會，並／或獲提供該等研討會之材料。我們的杭州培訓中心負責為本集團管理層舉辦定期內部培訓。除定期出席董事局及董事局委員會會議外，董事包括所有獨立非執行董事曾於2013年10月到小洋口實地考察，以進一步了解我們的業務運作。

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All directors and senior management are required to provide PYI with their training records on an annual basis, and such records are maintained by the Company Secretary for regular review by the Corporate Governance and Compliance Committee. The training records of the directors and senior management for this year were reviewed by the Committee in June 2014.

According to the records, PYI directors received the following training with an emphasis on the roles, functions and duties of a director of a listed company in compliance with Code Provision A.6.5 of the CG Code during the year:

所有董事及高級管理層均須每年向保華提供他們的培訓記錄，而該等記錄由公司秘書存置，以便企業管治及法規委員會定期審閱。委員會已於2014年6月審閱董事及高級管理層於本年度的培訓記錄。

根據記錄，保華董事於本年度已接受下述著重上市公司董事角色、職能及責任之培訓，以符合《企管守則》之守則條文第A.6.5條之規定：

<b>Directors</b> 董事	<b>(I) Reading/studying training or other materials</b> <b>(II) Attending seminars/briefings/conference/forums</b> (I) 閱讀／研究培訓或其他材料 (II) 出席研討會／簡報會／會議／論壇
<b>Independent Non-Executive Directors</b> 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	✓
Ms Wong Lai Kin Elsa 黃麗堅女士	✓
<b>Executive Directors</b> 執行董事	
Mr Lau Ko Yuen, Tom 劉高原先生	✓
Mr Chan Yiu Lun, Alan 陳耀麟先生	✓
<b>Non-Executive Director</b> 非執行董事	
Dr Chan Kwok Keung, Charles 陳國強博士	✓

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#### Board Committees

Constantly striving to achieve greater transparency and accountability to PYI shareholders, the Board has established five Board committees, namely, the Audit Committee, the Remuneration Committee, the Nomination Committee, the Corporate Governance and Compliance Committee, and the 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](http://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.

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

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和股份回購委員會；每個董事局委員會各自的職權範圍詳述其特定角色、權限及職能，並已上載到保華網站：[www.pyicorp.com](http://www.pyicorp.com)。所有董事局委員會的大多數成員為獨立非執行董事。

董事局亦可在其認為需要的情況下，按特設基準設立委員會(包括獨立董事委員會)審批項目。

所有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，並獲提供充足資源以履行其職責。董事局委員會將定期向董事局提出建議，除非董事局委員會受法律或監管限制所限而不能作出匯報。

#### ATTENDANCE RECORD OF MEETINGS

##### 會議出席記錄

	Board 董事局	BOARD COMMITTEES 董事局委員會					Shareholders 股東
		Audit 審核	Remuneration 薪酬	Nomination 提名	Corporate Governance and Compliance 企業管治及法規	Share Repurchase 股份回購	
<b>Number of meetings held during the year</b> 於年內舉行會議次數	4	3	2	1	2	0	1
<b>Independent Non-Executive Directors</b> 獨立非執行董事							
Mr Chan Shu Kin 陳樹堅先生	4/4	3/3	2/2	1/1	2/2	0/0	1/1
Mr Leung Po Wing, Bowen Joseph 梁寶榮先生	4/4	3/3	2/2	1/1	2/2	0/0	1/1
Mr Li Chang An 李昌安先生	4/4						1/1
Ms Wong Lai Kin Elsa 黃麗堅女士	3/4	3/3			2/2		1/1
<b>Executive Directors</b> 執行董事							
Mr Lau Ko Yuen, Tom 劉高原先生	4/4		2/2	1/1		0/0	1/1
Mr Chan Yiu Lun, Alan 陳耀麟先生	4/4						0/1
<b>Non-Executive Director</b> 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)	4/4*						0/1
<b>Group Legal Counsel and Company Secretary</b> 集團法律總監兼公司秘書							
Mr Ko Hiu Fung 高曉峰先生	4/4	3/3	2/2	1/1	2/2	0/0	1/1

\* Mr Chan Yiu Lun, Alan attended a board meeting in the capacity as the alternate director of Dr Chan Kwok Keung, Charles. 陳耀麟先生曾以陳國強博士替任董事之身份出席一次董事局會議。



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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 year:

以下列表顯示於年內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	
<b>Composition</b> 組成	<p><b>2 Independent Non-Executive Directors</b> 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</p> <p style="text-align: center; font-size: 2em; font-weight: bold;">+</p> <p><b>1 Executive Director</b> 執行董事 Mr Lau Ko Yuen, Tom 劉高原先生</p>
<b>Role &amp; Function*</b> 角色與職能*	<ul style="list-style-type: none"> <li>✓ Reviews the remuneration policy of the Company 檢討本公司的薪酬政策</li> <li>✓ Makes recommendations to the Board on the policy and structure for the remuneration of all 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，以及為制定該等薪酬政策設立一個正規而具透明度的程序，向董事局作出建議</li> <li>✓ Determines or makes recommendations to the Board on 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及高級管理層的特定薪酬待遇，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）</li> <li>✓ Makes recommendations to the Board on the remuneration of non-executive directors 向董事局建議非執行董事的薪酬</li> </ul>
<b>Summary of work performed</b> 工作摘要	<ul style="list-style-type: none"> <li>✓ Recommended the aggregate amount of directors' fees for shareholders' approval at the 2013 AGM 建議董事袍金總額，供股東在2013年股東週年大會上批准</li> <li>✓ Reviewed the share incentive schemes 檢討股份激勵計劃</li> <li>✓ Considered and approved the grant of additional incentive bonus and variable bonus (including year-end bonus) for the financial year 2012/13 to Managing Director and Senior Management 考慮及批准向總裁及高級管理層授出於2012/13財政年度的額外激勵花紅及可變花紅(包括年終花紅)</li> <li>✓ Reviewed and recommended to the Board for approval the increase of the directors' fee 審閱及向董事局建議調升董事袍金</li> <li>✓ Reviewed the report on review of executive reward 審閱行政人員報酬之檢討報告</li> <li>✓ Reviewed and determined the remuneration packages of Managing Director and Senior Management for the financial year 2013/14 檢討及釐定總裁及高級管理層於2013/14財政年度的薪酬待遇</li> </ul>

\* Please refer to the terms of reference of the Remuneration Committee on PYI's website: [www.pyicorp.com](http://www.pyicorp.com) for further details.

\* 有關進一步詳情，請瀏覽上載於保華網站：[www.pyicorp.com](http://www.pyicorp.com)之薪酬委員會職權範圍。

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#### Performance-based Remuneration Policy

Director's fee is determined with reference to factors including the prevailing market conditions, salary paid by comparable companies, the duties and responsibilities of a 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 light of an employee's level of responsibility and influence on the Group's performance and share price.

PYI effectively deploys an 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.

Details of remuneration of directors and senior management are set out in note 12 to the financial statements.

#### 績效為本的薪酬政策

董事袍金乃經參考多種因素而釐定，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起了相當重要的作用，而這一報酬機制會在最高管理層中實行。

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。此獎勵策略的主要範疇包括：

- ✓ 基本薪酬及福利需具市場競爭力，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表現與股價的影響程度，考慮以股份及／或現金為基礎的獎賞。

保華適當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。

董事及高級管理層薪酬的詳情載於財務報表附註12。

CORPORATE GOVERNANCE REPORT  
 企業管治報告

**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)  
 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

 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 diversity (including without limitation, gender, age, cultural and educational background, ethnicity, professional and industrial experience, skills, knowledge and length of service) of the Board at least annually and makes recommendations to the Board on any proposed changes  
 至少每年檢討董事局的架構、人數及多元化(包括但不限於性別、年齡、文化及教育背景、種族、專業及行業領域之經驗、技能、知識及服務年期)，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局成員，及挑選或向董事局提名建議有關人士出任董事
- ✓ 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  
 就董事委任或重新委任，以及董事(尤其是主席與總裁)繼任計劃向董事局提出建議
- ✓ Reviews and recommends to the Board for adoption of measurable objectives for achieving and improving diversity on the Board  
 為達致及改善董事局成員多元化，檢討及推薦可衡量目標予董事局考慮及採納
- ✓ Monitors the implementation of the Board Diversity Policy (a summary of which is set out at page 49 of this report)  
 監察董事局成員多元化政策(其摘要載列於本報告第49頁)的執行情況

**Summary of work performed**  
**工作摘要**

- ✓ Nominated the retiring directors for re-election by shareholders at the 2013 AGM  
 提名退任董事在2013年股東週年大會上應選連任
- ✓ 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
- ✓ Reviewed the structure, size and composition of the Board  
 檢討董事局的架構、人數及組成
- ✓ Reviewed and recommended to the Board for approval the Board Diversity Policy  
 審閱及推薦董事局成員多元化政策予董事局審批
- ✓ Reviewed and recommended to the Board for approval the revised terms of reference of the Nomination Committee  
 審閱及推薦經修訂之提名委員會職權範圍予董事局審批

\* Please refer to the terms of reference of the Nomination Committee on PYI's website: [www.pyicorp.com](http://www.pyicorp.com) for further details.

\* 有關進一步詳情，請瀏覽上載於保華網站：[www.pyicorp.com](http://www.pyicorp.com)之提名委員會職權範圍。

## 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

### 企業管治及法規委員會

#### 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  
Ms Wong Lai Kin Elsa 黃麗堅女士

+

#### 1 Company Secretary

##### 公司秘書

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 makes 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 meets 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，以評估本公司的合規政策、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、監察及審批適用於本公司僱員及董事的任何行為準則及合規手冊(如有)
- ✓ 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  
調查或安排調查向企業管治及法規委員會舉報的任何重大違規或潛在違規情況
- ✓ Reviews the Company's compliance with the CG 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《企管守則》的情況及審閱《企業管治報告》內的披露

\* Please refer to the terms of reference of the Corporate Governance and Compliance Committee on PYI's website: [www.pyicorp.com](http://www.pyicorp.com) for further details.

\* 有關進一步詳情，請瀏覽上載於保華網站：[www.pyicorp.com](http://www.pyicorp.com)之企業管治及法規委員會職權範圍。

CORPORATE GOVERNANCE REPORT  
企業管治報告

**CORPORATE GOVERNANCE AND COMPLIANCE COMMITTEE (continued)**

企業管治及法規委員會(續)

<b>Summary of work performed</b> 工作摘要	✓	Reviewed the Corporate Governance Report for the year ended 31 March 2013 審閱截至2013年3月31日止年度之《企業管治報告》
	✓	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
	✓	Reviewed the form for confirmation of directors' participation in training provided by each director in compliance with the CG Code 審閱各董事提供之董事參與培訓之確認表格，以遵守《企管守則》
	✓	Reviewed and recommended to the Board for approval the revised policy on disclosure and public relations 審閱及推薦經修訂之披露及公共關係政策予董事局審批
	✓	Reviewed the Shareholders Communication Policy 檢討股東通訊政策

**SHARE REPURCHASE COMMITTEE**

股份回購委員會

<b>Composition</b> 組成	<b>1</b>	<b>Independent Non-Executive Director</b> 獨立非執行董事 Mr Chan Shu Kin 陳樹堅先生 ( <i>Chairman</i> 主席) Mr Leung Po Wing, Bowen Joseph 梁寶榮先生 ( <i>Alternate to Mr Chan Shu Kin</i> 替任陳樹堅先生)	+	<b>1</b>	<b>Executive Director</b> 執行董事 Mr Lau Ko Yuen, Tom 劉高原先生
<b>Role &amp; Function*</b> 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，行使股東授予董事局回購保華股份之權力			
<b>Summary of work performed</b> 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			

\* Please refer to the terms of reference of the Share Repurchase Committee on PYI's website: [www.pyicorp.com](http://www.pyicorp.com) for further details.  
\* 有關進一步詳情，請瀏覽上載於保華網站：[www.pyicorp.com](http://www.pyicorp.com)之股份回購委員會職權範圍。

## CORPORATE GOVERNANCE REPORT

### 企業管治報告

#### 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

Ms Wong Lai Kin Elsa 黃麗堅女士

# Mr Chan Shu Kin is currently 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擁用豐富經驗。

##### Role & Function\* 角色與職能\*

- ✓ Makes recommendations to the Board on appointment of external auditor  
就委任外聘核數師向董事局提出建議
- ✓ 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  
監管本集團財務匯報制度及內部監控程序
- ✓ Reviews the interim and final results of the Group prior to submission to the Board for approval  
在提交董事局批准之前，審閱本集團中期及末期業績
- ✓ 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  
定期開會審閱財務匯報和內部監控事宜，並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及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  
審閱本集團內部監控及風險管理框架
- ✓ Received and reviewed progress reports on internal control, risk management and internal audit actions implemented/planned by the Group  
聽取及審閱內部監控、風險管理及本集團所實行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 2013 final results  
批准外聘核數師就審核本集團2013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 2014 interim results  
批准外聘核數師就審閱本集團2014年中期業績所建議的核數費
- ✓ 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服務費超過500,000港元之非核數服務
- ✓ Reviewed 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 the 2013 AGM  
建議於2013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  
在沒有本集團行政人員在場的情況下，會見外聘核數師

\* Please refer to the terms of reference of the Audit Committee on PYI's website: [www.pyicorp.com](http://www.pyicorp.com) for further details.

\* 有關進一步詳情，請瀏覽上載於保華網站：[www.pyicorp.com](http://www.pyicorp.com)之審核委員會職權範圍。

## CORPORATE GOVERNANCE REPORT 企業管治報告

### 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 controls including financial, operational and compliance controls, and risk management system.

#### 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.

### 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、維護及檢討其有效性的責任，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年編製之內部監控綜合框架及香港會計師公會頒佈之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至未能達至業務目標的風險，因此，此系統僅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。

#### 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標而產生的風險，本集團確認了風險管理的重要性，並進行了風險評估去確定本集團所面對風險的性質及程度。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。本集團已根據這些風險出現的機會及其對本集團業務的影響的嚴重性進行排序，並已制定風險管理措施以維持風險在可接受的程度內。



## CORPORATE GOVERNANCE REPORT

### 企業管治報告

To support management in responding to risks arising from the complex and changing business environment, training is provided to our management to strengthen their awareness of risk and capability to manage risks on a regular basis. Training provided to management this year mainly included topics such as impact of RMB internationalization to Mainland China enterprise, latest capital financing policies and development in China, latest trends in enterprise resources and planning system and human resources management, brief introduction to COSO Internal Control Integrated Framework 2013 and Environment, Social and Governance Reporting.

The revised Disclosure & Public Relations Policy has been implemented since 20 June 2013 in response to the statutory requirements for disclosure of inside information. Proper measures have been taken by the Group to ensure compliance with the disclosure requirements. Such measures include establishment of the inside information identification, reporting, and disclosure protocol and procedures; in-house training to senior management and relevant officers at Group level and business units level to introduce the statutory requirements as well as the implementation of the revised policy.

#### *Review of Internal Control System*

Management at business units level is required to perform control self assessments annually at both company and business process levels 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 and Communication and Monitoring.

During the year, the Legal, Finance and Accounts as well as Internal Control departments of the Group have set up project teams to review the internal controls with focus in operational, financial and compliance controls of all subsidiaries in China to ensure their compliance with the Group's internal control policies and procedures and the accuracy of relevant reports submitted to the Group.

面對複雜多變的經營環境，為了協助我們的管理層更好地應對風險和把握機遇，本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控風險的能力。年內，本公司向管理層提供的培訓主要包括人民幣國際化對內地企業的影響，國內資本融資的最新政策及發展，企業資源管理系統及人力資源管理最新趨勢，COSO內部監控綜合框架2013及環境、社會及管治報告簡介。

因應內幕資訊披露的法定要求，經修訂的《披露及公共關係政策》自2013年6月20日起開始實施，本集團已採取適當措施，以確保符合披露要求。這些措施包括建立識別、匯報和披露內幕消息的機制與程序，向本集團及業務公司的高級管理層及相關管理人員提供內部培訓，講解相關法規以及實施本集團修訂的《披露及公共關係政策》的要求。

#### *內部監控系統的檢討*

各業務公司的管理層須每年進行公司及業務流程層面的內部監控自我評估，以評估本身內部監控系統的效能。內部監控自我評估是以問卷形式進行，問卷列出按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、信息及溝通、以及監察。

年內，本集團的法律、財務及會計以及內部監控等部門已成立項目小組，對所有內地附屬公司之運作，財務及合規的內部監控進行檢討，以確保其符合本集團內部監控的政策及程序，以及所提交的有關報告的準確性。

## CORPORATE GOVERNANCE REPORT 企業管治報告

Moreover, the Group is in the process of adopting the new COSO framework (COSO Internal Control Integrated Framework 2013). The preparation measures include a revision of the control self-assessment questionnaire based on the new COSO framework and delivery of relevant training to key business units when implementing the revised questionnaire.

In addition, the internal audit department 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 to achieve the objectives of the internal audit plan.

Finally, management has formulated remedial action plans to address the gaps and weaknesses identified during control self-assessments, internal control reviews and internal audits. The internal audit department has conducted follow-up reviews periodically to ensure remedial actions are taken in a timely manner, and has reported the results of the follow-up reviews to the Audit Committee.

For the year ended 31 March 2014, 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.

### **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.

此外，本集團管理層已採取措施，為採納新的 COSO 框架 (COSO 內部監控整體框架 2013 年) 作準備。準備措施包括根據新的 COSO 框架修訂監控自我評估問卷，並於實施經修訂問卷時向重點業務公司提供相關培訓。

另外，內部審計部門按已審批的三年期集團內部審計計劃，對本集團內部監控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，以確保本集團已配置足夠的審計資源去達成審計計劃的目標。

最後，管理層已就內部監控自我評估、內部監控檢討和內部審計中所發現的漏洞及弱點制訂了改善方案。內部審計部門也定期作出跟進，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跟進審計結果。

於截至 2014 年 3 月 31 日止年度，董事局未有發現對本集團內部監控系統的有效性及充分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的充足性作出檢討，並對檢討結果表示滿意。

### **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，並在外聘的內部審計顧問的協助下，主要負責對本集團內部監控系統的有效性定期作出檢閱和審計。

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### 企業管治報告

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 comprises well qualified and capable staff and is provided with adequate resources to perform its duties.

In the year 2014, the internal audit department has completed internal audit works for its second three-year internal audit strategic plan, which 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 year, the internal audit department has conducted audits and reviews according to the internal audit work plan as well as ad hoc assignments requested by the Audit Committee. During the process of audits, the internal audit 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. Besides, in order to ensure the continuity of the ISO9001 certification in PYI (Hangzhou), the internal audit department has performed internal audit review on the compliance of PYI (Hangzhou) with the certification requirements.

### EXTERNAL AUDITOR

Deloitte Touche Tohmatsu (“Deloitte”) has been re-appointed as the Company’s external auditor at the 2013 AGM until the conclusion of the next annual general meeting. The Audit Committee in its meeting on 19 June 2014 recommended the re-appointment of Deloitte as the Company’s external auditor at the 2014 annual general meeting and the Board has adopted the same view as that of the Audit Committee.

內部審計部門獨立於營運管理，獲授予全權接觸需作內部審計檢閱的資料；並由有資格及能力的員工組成，有足夠資源去履行其職責。

於2014年，內部審計部門已經完成了第二個三年內部審計戰略計劃，該計劃建基於風險為導向，並獲審核委員會批准在期內用以指引及管理內部審計工作。

於年內，內部審計部門已按照工作計劃執行審計及檢閱，並根據審核委員會的要求執行特別檢閱。在審計過程中，內部審計部識別內部監控弱點，提出改善建議，取得由管理層制定的改善方案，並對管理層的改善方案的落實情況及落實的及時性作出跟進。此外，為了確保杭州創華繼續獲得ISO9001認證，內部審計部門對杭州創華進行內部審計，以檢閱其認證要求的符合性。

### 外聘核數師

德勤•關黃陳方會計師行(「德勤」)已於2013年股東週年大會上獲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2014年6月19日之會議上建議在2014年股東週年大會上重新委任德勤為本公司外聘核數師，而董事局與審核委員會之意見一致。

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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.

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	2014	2013
		HK\$'000 千港元	HK\$'000 千港元
Audit services	核數服務	4,071	7,899
Non-audit services	非核數服務		
Review of interim condensed consolidated financial statements	審閱中期簡明綜合財務報表	1,340	2,258
Taxation advisory	稅務諮詢	80	521
Special engagements (Note)	特定委聘 (附註)	60	5,145
<b>Total</b>	<b>總額</b>	<b>5,551</b>	<b>15,823</b>

Note: The amount for the year ended 31 March 2013 mainly represented services for acting as reporting accountants in the proposed deemed very substantial disposal of Louis XIII Holdings Limited ("Louis XIII") (formerly known as Paul Y. Engineering Group Limited) for the Company and in the proposed very substantial acquisition for Louis XIII.

附註：於2013年3月31日止年度之數額主要指為本公司擬視作非常重大出售路易十三集團有限公司（「路易十三」）（前稱保華建業集團有限公司）及為路易十三擬非常重大收購而作為報告會計師之服務。

**CONSTITUTIONAL DOCUMENTS**

The Company's memorandum of association and bye-laws (in both English and Chinese) are available on the websites of PYI ([www.pyicorp.com](http://www.pyicorp.com)) and HKEx.

To bring the bye-laws of the Company (the "Bye-laws") in line with certain amendments made to the Listing Rules and to incorporate certain housekeeping amendments, the Board had proposed, for shareholders' approval at the 2014 annual general meeting, certain amendments to the Bye-laws. Details of such amendments are set out in the notice of the 2014 annual general meeting.

**組織章程文件**

本公司之組織章程大綱及公司細則（中英文版本）上載於保華（[www.pyicorp.com](http://www.pyicorp.com)）及香港交易所之網站。

為了使本公司之公司細則（「公司細則」）符合《上市規則》之若干修訂及加入若干輕微修訂，董事局已建議於2014年股東週年大會上提呈對公司細則的若干修訂予股東批准。該等修訂之詳情載於2014年股東週年大會之通告內。

## CORPORATE GOVERNANCE REPORT 企業管治報告

### CORPORATE SOCIAL RESPONSIBILITY

In 2013/2014, the Group continued to discharge its corporate social responsibility in many areas, both internally and towards the community.

Since 2012, PYI and our associate, Paul Y. Engineering Group Limited (“Paul Y. Engineering”), have committed to donating HK\$1,000,000 each year to Friends of Hope Education Fund for three consecutive years as a token of our support to education works in both Hong Kong and the Mainland China, which include (i) sponsorship of tuition fees for Hong Kong students with financial difficulties and AIDS infected children in Hubei and (ii) renovation of facilities of primary schools in Guizhou. In September 2013, PYI and Paul Y. Engineering donated a total of HK\$1,000,000 to the said fund.

In July 2013, PYI was honoured to have sponsored a study tour to Hong Kong for 30 outstanding secondary school students from Nantong for the seventh year. PYI organised trips to the Legislative Council Complex, Monetary Authority Information Centre, amusement parks and universities in Hong Kong with an aim to educating the students on the educational and commercial operations in Hong Kong as well as fostering the potential of the next generation.

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” campaign organised by World Wide Fund (“WWF”) by turning off the non-essential lights in our office for an hour at 8:30 p.m. on 29 March 2014. We also encouraged our staff to support “Earth Hour” campaign through our internal communications. In appreciation of our efforts, PYI is pleased to have received thanks from the WWF.

In addition, PYI's PRC subsidiaries have adopted proactive measures to use resources (including energy, water and other raw materials) efficiently and to reduce noise, gas emissions and discharges into water and land for their construction projects and operating activities, thus minimising pollution and related environmental problems. The Group also makes extensive use of electronic communications in conducting its business, thus assisting in the conservation of natural resources.

### 企業社會責任

於2013/2014年，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。

保華及其聯營公司保華建業集團有限公司（「保華建業」）自2012年承諾連續三年向希望之友教育基金每年捐款1,000,000港元，以支持香港及中國內地教育工作，包括(i)資助有財政困難的香港學生及湖北省受愛滋病感染的兒童的學費及(ii)翻新貴州省的小學的設施。保華及保華建業於2013年9月向該基金捐出合共1,000,000港元。

於2013年7月，保華非常榮幸能第七年贊助30名來自南通的優秀中學生前往香港作學術訪問。保華安排了學生參觀香港的立法局大樓、金管局資訊中心、主題公園及大學。該訪問團旨在讓學生認識香港的教育及商業運作，啟發下一代潛能。

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2014年3月29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。

此外，保華的中國附屬公司之建設項目及經營活動已採取積極措施，以有效使用資源（包括能源、水及其他原材料）、減少噪音、氣體排放與向水及土地排污，從而減輕污染及相關環境問題。本集團於經營業務時亦廣泛地使用電子通訊，以協助對天然資源之維護。

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“Staff” is a valuable asset to the Group. While PYI remains committed to the good of the society, both locally and regionally, we also focus on caring for our staff’s well being. To this end, safe workplaces have been provided to all staff and workshops have been provided to enhance their awareness over occupational health and safety issues. Training has also been provided to improve our staff’s knowledge and skills for discharging duties at work. We also 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 sixth year running, with the title of “Caring Company” by The Hong Kong Council of Social Service.

As we progress into the new financial 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, 20 June 2014

「員工」乃本集團之寶貴資產。保華在保持著對本地及整體地區性的社會利益的同時，我們亦聚焦關注我們員工的福利。為此，本集團已為所有員工提供安全之工作場所及曾為他們舉辦工作坊，以提高他們對職業健康及安全之意識。本集團亦曾向員工提供培訓，以提升員履行工作職責的知識技能。我們鼓勵員工維持健康平衡的工作生活及繼續支持義務工作。此外，我們對保華第六年榮獲香港社會服務聯會頒授「商界展關懷」榮譽，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，2014年6月20日