

Corporate Governance Practices

Corporate governance is a continuous process which calls for dedicated efforts and timely response to evolving changes and developments in regulations and practices. Setting it as a priority, PYI is committed to developing and upholding a high standard of corporate governance practices and business ethics appropriate to its growth, in the firm belief that they are essential for maintaining and promoting investors' confidence and maximizing shareholder value.

PYI has applied the principles and complied with most of the applicable code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the year ended 31 March 2006, save for the code provisions on internal controls which are to be implemented for accounting periods commencing on or after 1 July 2005 and an exception explained in the following relevant paragraph.

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

Directors' Securities Transactions

PYI has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code for dealing in the securities of PYI by the directors and relevant employees of the Group.

According to the specific enquiry made by PYI, all directors of PYI have confirmed their compliance with the required standard set out in the Model Code throughout the year under review.

Board of Directors

Role

The Board's primary role is to protect and enhance long-term shareholder value. It assumes the responsibility of 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.

企業管治常規

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

截至二零零六年三月三十一日止年度，保華一直採用香港聯合交易所有限公司證券上市規則（「上市規則」）附錄十四中的企業管治常規守則（「守則」）之大部份適用條文，惟內部監控之守則條文將於二零零五年七月一日或之後開始之會計期間實施，而一項偏離情況則於下文詳述。

本集團所採用的企業管治原則和常規載列如下：

董事的證券交易

保華已經採用上市規則附錄十中的上市公司董事進行證券交易的標準守則（「標準守則」）作為本集團董事和相關僱員在買賣保華證券時所需遵守之守則。

根據保華的具體查詢，全體保華董事均確認在本年度一直有遵守標準守則列載之所需標準。

董事局

角色

董事局的主要角色是為確保和提升股東之長遠利益。董事局肩負給予有效及負責任的領導及監控本公司之責任，同時帶領及監督本公司之業務朝著集團的策略性目標發展。

Management Functions

The Board, led by the Chairman, approves and monitors group-wide strategies and policies, evaluates the performance of the Group and supervises the management. Further, the Board oversees specific areas affecting the interests of all shareholders including financial reporting and control, equity fund raising, recommendation or declaration of dividend or other distributions, notifiable transactions under the Listing Rules and capital reorganisation or other significant changes in the capital structure of the Group.

The management, on the other hand, is responsible for the management and administrative functions and the day-to-day operations of the Group under the leadership of the Managing Director.

Composition

PYI has an independently governed Board comprising a majority of independent non-executive directors as follows:

Members of the Board of Directors 董事局成員	Position 職位
Dr Chow Ming Kuen, Joseph 周明權博士	Chairman (Independent Non-Executive Director) 主席 (獨立非執行董事)
Mr Lau Ko Yuen, Tom 劉高原先生	Deputy Chairman and Managing Director 副主席兼董事總經理
Dr Chan Kwok Keung, Charles 陳國強博士	Non-Executive Director 非執行董事
Mr Kwok Shiu Keung, Ernest 郭少強先生	Independent Non-Executive Director 獨立非執行董事
Mr Chan Shu Kin 陳樹堅先生	Independent Non-Executive Director 獨立非執行董事

Biographical details of the above directors are set out on pages 36 and 37 of this annual report. The majority composition of independent non-executive directors (including one who has appropriate professional qualifications, or accounting or related financial management expertise, as required by the Listing Rules) ensures that the Board's actions account for the interests of all shareholders and that all issues are considered in a balanced and objective manner.

Independence of INEDs

Each of the three independent non-executive directors has confirmed in writing his independence from the Company in accordance with the guidelines for assessing independence set out in rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive directors meet these guidelines and are independent in accordance with the terms of these guidelines.

管理職能

董事局在主席的領導下，批准和監管整個集團的策略和政策、評估集團的表現，以及監察管理層工作。再者，董事局還監察影響所有股東權益的具體事項，包括財務申報和監控、資本籌措、股息或其他分派的建議或宣派、上市規則所述的須予公布交易，以及資本重組或集團資本結構的其他重大改變。

另一方面，管理層在董事總經理領導下，肩負管理和行政職能的責任，以及履行本集團日常營運的職責。

組成

保華獨立管治的董事局大部分由獨立非執行董事組成，名單如下：

上述各位董事的簡介詳情載於本年報的第36及37頁。由獨立非執行董事(包括一名具備適當的專業資格，或者如同上市規則下要求具備適當的會計或相關財務管理專長的董事)作為大多數成員，可確保董事局的行為顧及所有股東的利益，並且可平衡客觀地考慮所有事情。

獨立非執行董事的獨立性

三位獨立非執行董事已各自按照上市規則第3.13條為評估獨立性而訂的指引，以書面確認他們與本公司的獨立性。本公司認為所有獨立非執行董事均符合該等指引，並按照該等指引之條款確屬獨立人士。

Meetings and Individual Attendances

The Board meets regularly at least four times a year, and directors receive at least 14 days' prior written notice of such meetings. For other Board meetings, directors are given as much notice as is reasonable and practicable in the circumstances. All members of the Board are given full and timely access to relevant information and may seek independent professional advice at the Company's expense, if necessary, in accordance with pre-approved procedures.

The Company Secretary assists the Chairman in setting the agenda of Board meetings. Minutes of Board meetings are kept by the Company Secretary and distributed to each director within a reasonable period.

Each Board member may submit proposals for inclusion on the agenda for consideration during meetings. Procedures are in place for all directors to have access to the advice and services of the Company Secretary.

The Company convened eight Board meetings during the year ended 31 March 2006. The attendance record of each member of the Board (including former directors who retired during the year) is set out below:

Board Meetings 董事局會議

Directors 董事	Meetings Attended 出席會議次數
Dr Chow Ming Kuen, Joseph ¹ 周明權博士 ¹	8/8
Mr Lau Ko Yuen, Tom ² 劉高原先生 ²	8/8
Dr Chan Kwok Keung, Charles ³ 陳國強博士 ³	7/8
Mr Kwok Shiu Keung, Ernest 郭少強先生	5/8
Mr Chan Shu Kin 陳樹堅先生	8/8
Mr Chan Fut Yan ⁴ 陳佛恩先生 ⁴	3/3
Ms Chau Mei Wah, Rosanna ⁴ 周美華女士 ⁴	2/3
Mr Cheung Hon Kit ⁴ 張漢傑先生 ⁴	2/3
Mr Cheung Ting Kau, Vincent ⁴ 張定球先生 ⁴	1/3

Notes:

1. Dr Chow Ming Kuen, Joseph was appointed Chairman on 22 July 2005.
2. Mr Lau Ko Yuen, Tom was appointed Managing Director on 22 July 2005.
3. Dr Chan Kwok Keung, Charles was re-designated as a non-executive director on 22 July 2005.
4. Messrs Chan Fut Yan, Cheung Hon Kit and Cheung Ting Kau, Vincent and Ms Chau Mei Wah, Rosanna retired from the Board on 8 September 2005.

會議及個別出席記錄

董事局每年至少定期舉行四次會議，而且董事在開會至少14天前收到該等會議的書面通知。至於其他董事局會議，在合理可行的情況下，我們將儘快知會董事們。全體董事局成員可全面及時地取得相關資料，且在必要時可按既定程序，尋求獨立專業意見，費用由本公司支付。

公司秘書協助主席制定董事局會議議程，董事局會議記錄則由公司秘書留存並在合理的時間內分發給每位董事。

每位董事局成員可於會議期間提交議案，供董事局會議在議程之內考慮。董事可依適當程序向公司秘書徵詢意見和要求協助。

截至二零零六年三月三十一日止年度，本公司共召開了八次董事局會議。以下是董事局各成員(包括在本年度退任的前任董事)的出席記錄：

附註：

1. 周明權博士於二零零五年七月二十二日獲任命為主席。
2. 劉高原先生於二零零五年七月二十二日獲任命為董事總經理。
3. 陳國強博士於二零零五年七月二十二日調任為非執行董事。
4. 陳佛恩先生、張漢傑先生、張定球先生和周美華女士於二零零五年九月八日退任董事局。

Appointment and Re-election of Directors

Under code provision A.4.2 of the Code, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The rotation of directors at the annual general meeting of PYI held on 8 September 2005 (“2005 PYI AGM”) was in accordance with PYI’s previous bye-laws which stipulated, inter alia, that one-third of the directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) should retire from office by rotation provided that notwithstanding anything therein, the Chairman of the Board and/or the Managing Director of the Company should not, whilst holding such office, be subject to retirement by rotation or be taken into account in determining the number of directors to retire in each year. This deviated from the requirements of code provision A.4.2.

To fully comply with code provision A.4.2, relevant amendments to PYI’s bye-laws were proposed and approved by the shareholders at the 2005 PYI AGM, pursuant to which every director of PYI is now subject to retirement by rotation at least once every three years.

All directors appointed to fill a casual vacancy are subject to election at the first general meeting of PYI subsequent to their appointment.

Others

There has not been any new director appointed to the Board during the year. However, it is the Company’s policy that newly appointed directors will meet with other fellow directors, and will receive a comprehensive and tailored induction to ensure full awareness of responsibilities under statute and common law, the Listing Rules and other regulatory requirements and the business and governance policies of the Group.

Important updates are provided to all directors when necessary to ensure that they are fully aware of any changes in the business and regulatory environment in places where the Group conducts its business.

The Company has maintained appropriate directors’ and officers’ liability insurance which commensurates with the Group’s business operations and assessed exposures.

董事之委任及重選

根據守則第A.4.2條，每位董事(包括獲委任有指定任期的董事)應至少每三年輪席退任一次。

董事們在二零零五年九月八日舉行的保華股東週年大會(「二零零五年保華股東週年大會」)上的輪席退任乃依照保華之前的公司細則規定，其中訂明當時三分之一的董事(或倘若董事人數不是三的倍數，則退任人數應為接近但不得超過三分之一)應當輪席退任，但無論如何董事局主席和/或本公司董事總經理(在他們擔任該等職務時)不須輪席退任，或不會計算在每年退任董事的人數中；此細則與第A.4.2條之守則規定有所偏離。

為了完全符合第A.4.2條之守則規定，保華公司細則已建議提出相應修訂並在二零零五年保華股東大會上獲得股東的批准，據此保華的每位董事現須至少每三年輪席退任一次。

所有為填補臨時空缺而獲委任的董事均須在其委任後之首個保華股東大會上接受股東選舉。

其他

年內，概無委任任何新的董事進入董事局。然而，本公司的政策是會安排新委任的董事與其他董事會面，並獲得一個全面、正式兼特為其而設的就任須知，以確保新董事完全知悉其在法規及普通法、上市規則及其他監管規定，以及本集團的業務和管治政策下的職責。

在有需要時，所有董事將會獲取重要更新資訊，以確保他們可以充分地知悉本集團業務所在地的商業及管治環境的任何變化。

本公司已就集團業務運作及所評估的風險，投保相稱的綜合董事和高級職員責任保險。

Chairman and Managing Director

The Chairman of PYI is Dr Chow Ming Kuen, Joseph and the Managing Director is Mr Lau Ko Yuen, Tom. The roles of the Chairman and Managing Director are distinct and separate, clearly established and set out in writing.

The Chairman is responsible for overseeing the functioning of the Board, while the Managing Director takes the lead in formulating operational strategies and policies, as well as managing the Group's day-to-day operations.

Non-executive Directors

Pursuant to the amended bye-laws of the Company, every director is subject to election and to retirement by rotation at least once every three years. Non-executive directors are subject to the aforesaid retirement requirements and are appointed for a specific term of not more than three years.

Remuneration of Directors

Role and Function

The Remuneration Committee, established by the Board on 1 April 2005, is principally responsible for reviewing the remuneration policy of the Company, making 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. The committee also determines the specific remuneration packages of all executive directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and makes recommendations to the Board of the remuneration of non-executive directors.

Written terms of reference, which clearly defined the role, authority and function of the Remuneration Committee, were adopted for the Remuneration Committee.

Composition

Members of the Remuneration Committee are Messrs Chow Ming Kuen, Joseph (also Chairman of the committee); Lau Ko Yuen, Tom and Kwok Shiu Keung, Ernest. With the exception of Mr Lau Ko Yuen, Tom, members of the committee are independent non-executive directors.

主席與董事總經理

保華主席現為周明權博士，而董事總經理則為劉高原先生。主席與董事總經理的角色是有明確區分、清楚界定並以書面列載。

主席乃肩負監察董事局行使職責的責任，董事總經理則在制定營運策略與政策以及管理集團的日常運作上起領導作用。

非執行董事

根據本公司經修訂的細則，每名董事均須至少每三年輪席退任一次。非執行董事亦須遵循前述退任規定，而其委任之指定任期不得多於三年。

董事薪酬

角色及職能

由董事局於二零零五年四月一日成立的薪酬委員會，主要職責是評估本公司的薪酬政策，並就所有董事與高級管理層的薪酬政策及結構，以及為制定該等酬金政策，設置一個正規而具透明度的程序，向董事局作出推薦意見。委員會同時還決定所有執行董事和高級管理層的具體薪酬，包括非金錢利益、退休金權利及賠償金額(包括由於喪失或終止其職務或委任所應付的任何補償金)，並向董事局建議非執行董事的薪酬。

薪酬委員會所採納的書面職權範圍，明確規定了薪酬委員會的角色、權限及職能。

組成

薪酬委員會的成員包括周明權先生(亦為委員會主席)、劉高原先生及郭少強先生。除劉高原先生外，委員會的成員均為獨立非執行董事。

Meetings and Individual Attendances

The Remuneration Committee convened three meetings during the year ended 31 March 2006. The attendance record of each member of the committee is set out below:

Remuneration Committee Meetings 薪酬委員會會議

Committee Members 委員會成員	Meetings Attended 出席會議次數
Dr Chow Ming Kuen, Joseph 周明權博士	3/3
Mr Lau Ko Yuen, Tom 劉高原先生	3/3
Mr Kwok Shiu Keung, Ernest 郭少強先生	3/3

Remuneration Policy

The emoluments of directors are determined with reference to factors including salaries paid by comparable companies, time commitment, duties and responsibilities and employment conditions elsewhere. A performance-based element is considered instrumental in aligning the interests of individuals with those of the Group and will be built into top-management compensation.

Summary of Work Performed

The Remuneration Committee held three meetings during the year for the following purposes:

- (i) approving the commissioning of a market survey on current salary levels in order to assist the committee to conduct a review on existing remuneration packages of the Group's executives and senior management;
- (ii) considering and recommending the amount of directors' fees for shareholders' approval at the 2005 PYI AGM;
- (iii) reviewing and approving the remuneration packages of the Group's executives (including the Managing Director) and senior management; and
- (iv) considering and approving an award of year end bonuses comprising cash and shares (pursuant to the Group's newly adopted share award scheme) to the Group's executives (including the Managing Director) and senior management.

會議及個別出席記錄

於截至二零零六年三月三十一日止年度，薪酬委員會召開了三次會議。每名委員會成員的出席記錄詳列如下：

薪酬政策

董事的薪酬乃參考多種因素釐定，包括類同公司所支付之薪金水平、所需投入之時間、職務與責任，以及其他地方之僱傭條件。按績效支付報酬在個人利益與集團利益掛鉤上起了相當重要的作用，而這一報酬機制會在最高管理層中施行。

工作摘要

薪酬委員會為了下述目的在本年度召開了三次會議：

- (i) 批准委託進行現時薪酬水平之市場調查，以幫助委員會對本集團行政人員及高級管理層之現有薪酬待遇進行檢討；
- (ii) 考慮並就董事酬金數額提出建議，供股東在二零零五年保華股東週年大會上批准；
- (iii) 檢討並批准本集團行政人員（包括董事總經理）以及高級管理層薪酬待遇；及
- (iv) 考慮並批准（依據本集團最近採納的股份獎勵計劃）獎授本集團行政人員（包括董事總經理）及高級管理層由現金和股份組成的年終花紅。

Nomination Of Directors

Role and Function

The Nomination Committee, established by the Board on 8 November 2005, is principally responsible for leading the process for Board appointments and for identifying and nominating for the approval of the Board candidates for appointment to the Board. It assesses the independence of independent non-executive directors and 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.

Written terms of reference, which clearly defined the role, authority and function of the Nomination Committee, were adopted for the Nomination Committee.

Composition

Members of the Nomination Committee are Messrs Chow Ming Kuen, Joseph (also Chairman of the committee); Lau Ko Yuen, Tom (with Dr Chan Kwok Keung, Charles as his alternate) and Kwok Shiu Kwok, Ernest (with Mr Chan Shu Kin as his alternate). With the exception of Mr Lau Ko Yuen, Tom (and his alternate), members of the committee are independent non-executive directors.

Nomination Procedures, Process and Criteria

The Nomination Committee reviews the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and makes recommendations to the Board regarding any proposed changes. It will identify individuals suitably qualified to become Board members, and nominate and recommend such individuals to the Board for directorships.

Summary of Work Performed

The Nomination Committee held a meeting during the period to (i) consider and recommend the appointment of an additional independent non-executive director to the Group's major PRC subsidiaries; (ii) consider the suitability (in terms of skills, knowledge, experience and independence) of an identified candidate for appointment as an independent non-executive director to the Board.

董事提名

角色及職能

由董事局於二零零五年十一月八日成立的提名委員會，主要負責董事局的任命，以及物色及提名董事候選人供董事局批准委任。委員會評核獨立非執行董事的獨立性，並向董事局提出與董事委任或重新委任，以及董事（尤其是主席與董事總經理）繼任計劃有關的建議。

提名委員會所採納的書面職權範圍，明確規定了提名委員會的角色、權限及職能。

組成

提名委員會的成員為周明權先生（亦為委員會主席）、劉高原先生（陳國強博士為其替任人）及郭少強先生（陳樹堅先生為其替任人）。除了劉高原先生（以及其替任人），委員會成員均為獨立非執行董事。

提名程序、過程以及準則

提名委員會定期檢討董事局的架構、人數及組成（包括技能、知識及經驗方面），並就任何擬作變動向董事局提出建議；物色具備合適資格可擔任董事的人士，並向董事局提名及推薦有關人士出任董事。

工作摘要

提名委員會在這期間舉行了一次會議，乃 (i) 就本集團之主要中國附屬公司，考慮並建議委任多一名獨立非執行董事；(ii) 考慮一名已物色的候選人是否適合（從技能、知識、經驗以及獨立性的準則）出任董事局的獨立非執行董事。

Meetings and Individual Attendances

The Nomination Committee convened one meeting during the year ended 31 March 2006. The attendance record of each member of the committee is set out below:

Nomination Committee Meetings 提名委員會會議

Committee Members 委員會成員	Meetings Attended 出席會議次數
Dr Chow Ming Kuen, Joseph 周明權博士	1/1
Mr Lau Ko Yuen, Tom 劉高原先生	1/1
Mr Chan Shu Kin ¹ 陳樹堅先生 ¹	1/1

Note:

- Mr Chan Shu Kin attended this meeting as alternate to Mr Kwok Shiu Keung, Ernest.

會議及個別出席記錄

於截至二零零六年三月三十一日止年度，提名委員會曾召開一次會議。每名委員會成員的出席記錄詳列如下：

附註：

- 陳樹堅先生是以郭少強先生的替任人出席是次會議。

Auditors' Remuneration

Deloitte Touche Tohmatsu has been re-appointed as the Company's external auditors at the 2005 PYI AGM until the conclusion of the next annual general meeting.

For the year ended 31 March 2006, the remuneration paid or payable to Deloitte Touche Tohmatsu is set out as follows:

核數師酬金

德勤•關黃陳方會計師行已於二零零五年保華股東週年大會上重新任命為本公司外聘核數師，直到下一年度股東週年大會結束為止。

於截至二零零六年三月三十一日止年度，已付或應付予德勤•關黃陳方會計師行的酬金如下：

Services Rendered 提供的服務	Fee Paid/Payable (HK\$'000) 已付／應付費用(千港元)
Audit services 核數服務	3,914
Non-audit services 非核數服務	
Taxation advisory 稅務諮詢	867
Special engagements 特定委聘	1,416
Total 總計	6,197

Audit Committee

Role and Function

The Audit Committee, established by the Board on 11 December 1998, is responsible for the appointment of external auditors, review of the Group's financial information and oversight of the Group's reporting system and internal control procedures. It is also responsible for reviewing the interim and final results of the Group prior to recommending them to the Board for approval. It meets regularly to review financial reporting and internal control matters, and to this end it has unrestricted access to both the Company's external and internal auditors.

The Company has adopted written terms of reference for the Audit Committee, which clearly defined the role, authority and function of the Audit Committee.

Composition

During the year, the members of the Audit Committee (including a retired director) were Messrs Chow Ming Kuen, Joseph; Kwok Shiu Keung, Ernest; Chan Shu Kin and Cheung Ting Kau, Vincent, all of whom were independent non-executive directors. Mr Cheung, who retired from the Board on 8 September 2005, ceased to be a member of the Audit Committee on the same day.

The Audit Committee is chaired by Mr Chan Shu Kin, a qualified accountant with extensive experience in financial reporting and controls as required by the Listing Rules.

Meetings and Individual Attendances

During the year ended 31 March 2006, the Audit Committee held three meetings. The attendance record of each member of the committee is set out below:

Audit Committee Meetings 審核委員會會議

Committee Members 委員會成員	Meetings Attended 出席會議次數
Mr Chan Shu Kin 陳樹堅先生	3/3
Dr Chow Ming Kuen, Joseph 周明權博士	3/3
Mr Kwok Shiu Keung, Ernest 郭少強先生	2/3
Mr Cheung Ting Kau, Vincent ¹ 張定球先生 ¹	0/1

Note:

1. Mr Cheung Ting Kau, Vincent ceased to be a member of the Audit Committee on 8 September 2005.

審核委員會

角色及職能

由董事局於一九九八年十二月十一日成立的審核委員會，負責委任外聘核數師、審閱集團財務資料及監管集團申報制度和內部監控程序，同時亦負責集團中期和年終業績在提交給董事局批准之前的審閱。委員會定期開會審閱財務申報和內部監控事宜，為此目的委員會可無阻地跟本公司外聘及內部核數師取得聯繫。

本公司已採納了審核委員會的書面職權範圍，明確規定了審核委員會的角色、權限及職能。

組成

本年度內，審核委員會的成員(包括一名已退任董事)為周明權先生、郭少強先生、陳樹堅先生及張定球先生，他們均為獨立非執行董事。張先生已於二零零五年九月八日退任董事局，並於同日不再為審核委員會成員。

審核委員會由陳樹堅先生擔任主席，他為一名合資格會計師，在財務申報及監控方面具備上市規則所須的豐富經驗。

會議和個別出席記錄

截至二零零六年三月三十一日止年度，審核委員會舉行了三次會議。委員會每名成員的出席記錄詳列如下：

附註：

1. 張定球先生於二零零五年九月八日不再為審核委員會成員。

Summary of Work Performed

The Audit Committee reviewed the following matters during the meetings held:

- (i) unaudited interim consolidated financial statements and audited annual consolidated financial statements of the Company;
- (ii) the terms of engagement and remuneration of external auditors;
- (iii) connected transactions of the Group; and
- (iv) the internal control, financial control and risk management system of the Group.

Directors' Responsibility for the Consolidated Financial Statements

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

The statement of the auditors of the Company concerning their reporting responsibilities on the consolidated financial statements of the Group is set out in the Auditors' Report on pages 72 and 73 of this annual report.

Compliance Committee

Role and Function

The Compliance Committee, established by the Board on 8 November 2005, is principally responsible for overseeing the Company's compliance with the legal and regulatory requirements of its business operations, as well as compliance with its code of conduct and/or business ethics, policies and prevailing corporate governance practices and standards.

Written terms of reference, which clearly defined the role, authority and function of the Compliance Committee, were adopted for the Compliance Committee.

Composition

The Compliance Committee comprises three independent non-executive directors, namely Messrs Chow Ming Kuen, Joseph (also Chairman of the committee); Kwok Shiu Kwok, Ernest and Chan Shu Kin, and Ms Wong Lai Kin, Elsa, the Group Corporate Counsel and Company Secretary.

Meetings

No meeting of the Compliance Committee was held during the year ended 31 March 2006.

工作摘要

審核委員會在已舉行的會議中審閱以下事項：

- (i) 本公司未經審核的中期綜合財務報表和經審核的年終綜合財務報表；
- (ii) 外聘核數師的聘任條款及酬金；
- (iii) 本集團的關連交易；及
- (iv) 集團內部監控、財務監控及風險管理系統。

董事對綜合財務報表的責任

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

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72及73頁核數師報告中。

法規委員會

角色及職能

由董事局於二零零五年十一月八日成立的法規委員會，主要負責監管本公司在其商業運作上對法律及管治規定的遵循，以及對其行為守則及/或商業操守，以及現行企業管治常規和準則的遵守。

法規委員會所採納的書面職權範圍，明確規定了法規委員會的角色、權限及職能。

組成

法規委員會由三名獨立非執行董事，即周明權先生（同時為委員會主席）、郭少強先生及陳樹堅先生，以及集團律師兼公司秘書黃麗堅女士所組成。

會議

截至二零零六年三月三十一日止年度，法規委員會並無舉行會議。

Share Repurchase Committee

Role and Function

The Share Repurchase Committee, set up by the Board on 8 November 2005, is established for the purpose of exercising 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.

Composition

Members of the Share Repurchase Committee are Messrs Chan Shu Kin (also Chairman of the committee, with Dr Chow Ming Kuen, Joseph as his alternate) and Lau Ko Yuen, Tom.

Meetings

There has not been any repurchase of shares made by PYI since the establishment of the Share Repurchase Committee. No meeting of the Repurchase Committee was held during the year.

Share Interests of Senior Management

Senior management (whose biographies are set out on pages 38 to 41 of this annual report) are subject to the Model Code with respect to the notification and reporting requirements to the Company for dealings in PYI's securities and the prohibitions to deal. Save for (i) an aggregate of 24,486,000 outstanding share options granted to the senior management pursuant to the share option scheme adopted by the Company on 27 August 2002; and (ii) an aggregate of 456,000 shares awarded and to be vested on 1 August 2006 to the senior management pursuant to the share award scheme adopted by the Company on 23 February 2006, senior management did not have any interests in PYI's securities as at 31 March 2006. Senior management have all confirmed, following specific enquiry by the Company, that throughout the year ended 31 March 2006 they complied with the standard set out in the Model Code.

Shareholders' Rights

The Board endeavours to uphold a transparent communication with all shareholders for their making an informed decision regarding their investments and the exercise of their rights as shareholders, including voting their shares. PYI establishes and maintains different communication channels with its shareholders through the publication of annual and interim reports, press announcements as well as news releases to provide extensive information on the Group's activities, business strategies and developments. Such information are also available on the Company's website: www.pyicorp.com.

股份回購委員會

角色及職能

設立股份回購委員會(由董事局於二零零五年十一月八日成立)之目的乃為根據上市規則、保華公司細則以及百慕達適用法律，行使股東授權董事局回購保華股份權力。

組成

股份回購委員會的成員為陳樹堅先生(亦為委員會主席，周明權博士為其替任人)以及劉高原先生。

會議

從股份回購委員會成立至今，保華集團並無回購任何股份。截至二零零六年三月三十一日止年度，股份回購委員會並無舉行會議。

高級管理層的股份利益

高級管理層(於本年報第38至41頁列載其履歷之人士)，須遵守標準守則中關於向公司通知及申報買賣保華證券的規則，以及禁止進行買賣的規定。除(i)根據本公司於二零零二年八月二十七日採納的股份購股權計劃批授予高級管理層之合共24,486,000份尚未行使購股權；及(ii)根據本公司於二零零六年二月二十三日採納的股份獎勵計劃獎授而將於二零零六年八月一日轉歸予高級管理層之合共456,000股份外，高級管理層於二零零六年三月三十一日概無在保華證券擁有任何權益。根據本公司的具體查詢，全體高級管理層均已確認在截至二零零六年三月三十一日止年度一直有遵守標準守則列載之標準。

股東權利

董事局為了確保股東可就其投資作出明智的決定，以及行使其作為股東的權利，努力與所有股東維持具透明度的溝通。保華透過刊發年度、中期報告、公布以及新聞稿，與股東建立及維持不同之通訊渠道，以提供本集團活動、業務策略和發展的廣泛資訊，而本公司網站www.pyicorp.com亦有登載此等資訊。

PYI regards its shareholders' meetings as valuable forum for shareholders to raise comments and exchange views with the Board. All directors and senior management make an effort to present the shareholders' meetings to address queries from shareholders. To enable the meetings to be conducted in a transparent manner, the resolutions put forward at two recent shareholders' meetings had been conducted by way of poll. Poll results had also been published and posted on the website of the Company and of The Stock Exchange of Hong Kong Limited.

Investor Relations

The Group's senior management maintains close communications with investors, analysts, fund managers and the media by various channels, including roadshows, individual interviews, media briefings and news releases. The Group also responds to requests for information and queries from the general public.

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

Corporate Governance – A Continuing Process

Corporate governance is a continuing process, which the PYI board of directors reviews systematically on an ongoing basis. PYI will continue to be managed in a manner attuned to the times, consistent with all relevant rules and regulations and in accordance with the Group's mission.

By Order of the Board

Elsa Wong
Company Secretary

Hong Kong, 7 July 2006

保華認為其股東大會乃為股東提供一個寶貴的平台，向董事局提出建議及交換意見。所有的董事和高級管理層皆盡量撥冗出席股東大會，以回應股東的提問。為了確保會議能以具透明度的方式進行，最近的兩次股東大會的決議案均按投票的方式表決，投票的結果亦已在本公司網站和香港聯合交易所有限公司網站上刊載。

投資者關係

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

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

企業管治 – 一個持續的過程

企業管治是一個持續的過程，保華董事局有系統地不斷作出檢討。我們將與時並進的管理保華，符合所有相關規則及規定，以及遵照本集團的使命進行。

承董事局命

公司秘書
黃麗堅

香港，二零零六年七月七日