

# Corporate Governance

## 企業管治

Paul Y. Engineering Group Limited (the “Company”, together with its subsidiaries, the “Group”) is committed to maintaining high standards of corporate governance. The Company has complied with all code provisions and, where applicable, the recommended best practices of the Code on Corporate Governance Practices (“Code on Corporate Governance Practices”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) throughout the six months ended 30 September 2006.

### Internal Controls

Code provision C.2.1 of the Code on Corporate Governance Practices in respect of a review of the effectiveness of the Group’s internal controls is first applicable to the Company for its financial year ending 31 March 2007. The board (“Board”) of directors (“Directors”) of the Company has already put in place procedures, including seeking external advisory assistance, to enable the Board to report on code provision C.2.1 in its 2007 Corporate Governance Report.

### Board of Directors

The Board is responsible for overseeing the Company’s strategic direction and the controls applied to its activities, ensuring that management has the appropriate processes for risk assessment, management, and internal control over the Company’s day-to-day affairs in place.

The Board currently comprises six Directors, including two Executive Directors, one Non-Executive Director and three Independent Non-Executive Directors. Half of the Board is made up of Independent Non-Executive Directors, one of whom has appropriate professional qualifications, or accounting or related financial management expertise, as required by the Listing Rules. Pursuant to the Company’s Bye-laws, all Directors are subject to retirement from office by rotation at least once every three years and are eligible for re-election by shareholders.

The Chairman of the Company is an Independent Non-Executive Director. The positions of the Chairman and the Chief Executive Officer of the Company are held by separate individuals, with segregated duties to ensure a balance of power and authority. The division of responsibilities between the Chairman and the Chief Executive Officer are clearly established and set out in writing.

The Board meets regularly and at least four times a year. Directors are provided with information on activities and developments in the Group’s business on a timely basis.

保華建業集團有限公司(「本公司」，連同其附屬公司合稱為「本集團」)致力維持高水平之企業管治。截至二零零六年九月三十日止六個月，本公司已遵守香港聯合交易所有限公司證券上市規則(「上市規則」)附錄十四所載企業管治常規守則(「企業管治常規守則」)之所有守則條文及(如適用)建議最佳常規。

### 內部監控

本公司於截至二零零七年三月三十一日止財政年度首次採用企業管治守則之守則條文第C.2.1條有關檢討本集團內部監控之有效性之規定。董事會已制定有關程序，包括尋求外聘顧問協助，讓本公司董事(「董事」)局(「董事局」)於其二零零七年年度企業管治報告中就守則條文第C.2.1條作出匯報。

### 董事局

董事局監查本公司之策略方向及對業務活動之控制，確保管理層已為風險評估、本公司日常事務之管理及內部控制採取適當程序。

董事局由六位董事組成(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)。董事局其中一半為獨立非執行董事，而其中一位擁有上市規則所規定之合適專業資歷或會計或相關財務管理專長。根據本公司之公司細則，所有董事均須至少每三年一次輪流退任，並可由股東膺選連任。

本公司主席為獨立非執行董事。本公司主席與行政總裁之職位由不同人士擔任，責任劃分有助確保權力平衡。主席及行政總裁權責之界定均以書面清晰確立及載列。

董事局定期開會，並每年最少舉行四次會議。董事獲適時提供本集團業務之活動及發展之資料。

### Audit Committee

The principal duties of the audit committee of the Company (“Audit Committee”) include oversight of the Group’s financial reporting system and internal control procedures, review of the Group’s financial information, and review of the relationship with the external auditors of the Company.

The Audit Committee currently comprises three Independent Non-Executive Directors, Ir James Chiu (Chairman of the Audit Committee), Professor Lee Chack Fan and Mr Iain Ferguson Bruce.

The Group’s interim results for the six months ended 30 September 2006 has been reviewed by the Audit Committee and the Company’s external auditors.

### Remuneration Committee

The remuneration committee of the Company (“Remuneration Committee”) is mainly responsible for making recommendations to the Board on the Company’s policy and structure for remuneration of Directors and senior management, and making recommendations on the manpower deployment plan.

The Remuneration Committee currently comprises Ir James Chiu (Chairman of the Remuneration Committee), Mr Mok Yat Fan, Edmond and Professor Lee Chack Fan. The majority of the members of the Remuneration Committee are Independent Non-Executive Directors.

### Nomination Committee

The principal duties of the nomination committee of the Company (“Nomination Committee”) include reviewing the structure, size and composition of the Board and if necessary recommending changes. It is also responsible for identifying individuals suitably qualified to become members of the Board and selecting, or making recommendations to the Board on the selection of individuals nominated for directorships.

The Nomination Committee currently comprises Professor Lee Chack Fan (Chairman of the Nomination Committee), Mr Lau Ko Yuen, Tom and Mr Iain Ferguson Bruce. The majority of the members of the Nomination Committee are Independent Non-Executive Directors.

### Finance and Investment Committee

The finance and investment committee of the Company (“Finance and Investment Committee”) is mainly responsible for making recommendations to the Board on matters relating to investment in assets, evaluating the budgets of all key expenditures, reviewing financial performance against forecast, and considering dividend payout.

The Finance and Investment Committee currently comprises Mr Iain Ferguson Bruce (Chairman of the Finance and Investment Committee), Mr Mok Yat Fan, Edmond and Mr Lee Hon Chiu.

### 審核委員會

本公司審核委員會(「審核委員會」)之主要職責包括檢討本集團之財務匯報系統及內部監控程序，審閱本集團之財務資料，並檢討與本公司外聘核數師之關係。

審核委員會包括本公司三位獨立非執行董事，分別為趙雅各先生(審核委員會主席)、李焯芬教授及Iain Ferguson Bruce先生。

本集團截至二零零六年九月三十日止六個月之中期業績已經審核委員會及本公司外聘核數師審閱。

### 薪酬委員會

本公司薪酬委員會(「薪酬委員會」)主責就本公司有關董事及高級管理層之薪酬政策及架構，向董事局提供建議，並就人力資源調配方案提供意見。

薪酬委員會現時由趙雅各先生(薪酬委員會主席)、莫一帆先生及李焯芬教授組成。薪酬委員會之多數成員為獨立非執行董事。

### 提名委員會

本公司提名委員會(「提名委員會」)之主要職責包括檢討董事局之架構、規模及組成，並於必要時提出改變的建議。其亦負責物色合乎資格加入董事局之人士，及就獲提名出任董事人士之遴選作出決定或推薦。

提名委員會現時由李焯芬教授(提名委員會主席)、劉高原先生及Iain Ferguson Bruce先生組成。提名委員會多數成員為獨立非執行董事。

### 財務及投資委員會

本公司財務及投資委員會(「財務及投資委員會」)主要負責就有關資產投資向董事局提出建議、評估一切主要開支預算、審閱財政表現與預測進行比較，以及考慮派付股息。

財務及投資委員會現時由Iain Ferguson Bruce先生(財務及投資委員會主席)、莫一帆先生及李漢潮先生組成。

### Disclosures Committee

The disclosures committee of the Company (“Disclosures Committee”) is mainly responsible for overseeing disclosures to shareholders, the public and relevant statutory authorities, and overseeing compliance with any applicable legal requirements for disclosure.

The Disclosures Committee currently comprises Mr Iain Ferguson Bruce (Chairman of the Disclosures Committee), Mr Lau Ko Yuen, Tom and Mr Lee Hon Chiu.

### Executive Committee

The executive committee of the Company (“Executive Committee”) is mainly responsible for handling the management and operation of the day-to-day business of the Group.

The current members of the Executive Committee are Mr Mok Yat Fan, Edmond (Chairman of the Executive Committee) and Mr Lee Hon Chiu.

### Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors.

All Directors have confirmed, following specific enquiry by the Company, that they complied with the required standard set out in the Model Code during the six months ended 30 September 2006.

### 披露委員會

本公司披露委員會(「披露委員會」)主要負責監督向股東、公眾及相關法定機構作出之披露，亦監管確保遵守任何有關披露之適用法例規定。

披露委員會現時由Iain Ferguson Bruce先生(披露委員會主席)、劉高原先生及李漢潮先生組成。

### 執行委員會

本公司執行委員會(「執行委員會」)主要負責處理本集團日常業務之管理及營運。

本公司執行委員會之現任成員為莫一帆先生(執行委員會主席)及李漢潮先生。

### 標準守則

本公司已採納上市規則附錄十所載上市發行人進行證券買賣之標準守則(「標準守則」)，作為有關董事進行證券交易之操守守則。

本公司作出具體查詢後，全體董事已經確認，彼等於截至二零零六年九月三十日止六個月內均有遵守標準守則規定之準則。