

Paul Y. Engineering Group Limited (the “Company”, together with its subsidiaries, the “Group”) is committed to maintaining high standards of corporate governance because we believe that is the best way to enhance shareholder value. The Company places strong emphasis on an effective board (the “Board”) of directors (the “Directors”) of the Company, accountability, sound internal control, appropriate risk-assessment procedures, and transparency to all shareholders.

The Company complied with all code provisions of the 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 (the “Hong Kong Stock Exchange”) (the “Listing Rules”) throughout the year ended 31 March 2011. It also adopted most of the recommended best practices stated therein.

BOARD OF DIRECTORS

Role

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

The Board has in place a list of decisions that are to be retained for the Board decision. These matters include:

1. Corporate strategy;
2. Financial reporting and control;
3. Major financial arrangements;
4. Risk management;
5. Succession planning;
6. Notifiable transactions under Chapters 14 and 14A of the Listing Rules; and
7. Recommendations to shareholders regarding appointment of external auditor, dividend payments, capital reorganization and scheme of arrangement.

The Board has delegated all day-to-day operations and management of the Company’s business to Management under the leadership of the Chief Executive Officer of the Company.

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，因本集團相信此乃提升股東價值之最佳途徑。本公司之企業管治原則強調有效之本公司董事(「董事」)局(「董事局」)、問責性、有效之內部監控、恰當之風險評估程序及對全體股東之透明度。

於截至二零一一年三月三十一日止年度內，本公司已遵守香港聯合交易所有限公司(「香港聯交所」)證券上市規則(「上市規則」)附錄十四所載《企業管治常規守則》之所有守則條文。本公司亦已採納當中大部份建議最佳常規。

董事局

角色

董事局負責監管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作評估、本公司日常事務之管理及內部監控採取適當程序。

董事局已完整地將本公司一系列決策納入其管治範圍，其中包括：

1. 公司策略；
2. 財務匯報及控制；
3. 重大財務安排；
4. 風險管理；
5. 繼承方案；
6. 上市規則第14及14A章節所規定的須予公佈的交易；及
7. 就外聘核數師任命、派息、資本重組及債務償還安排向股東提供建議。

董事局已將本公司業務之一切日常營運及管理工作的轉授予以本公司行政總裁為首的管理層負責。

Corporate Governance Report

企業管治報告

Composition

The Board has a balanced composition of Executive and Non-Executive Directors to ensure independent viewpoints in all discussions. As at the date of this report, the Board comprises six Directors, including three Independent Non-Executive Directors, one Non-Executive Director, and two Executive Directors. Board members are listed below:

組成

董事局中執行董事及非執行董事之組合保持均衡，確保所有討論具備獨立觀點。於本報告日期，董事局由六位董事組成（包括三位獨立非執行董事、一位非執行董事及兩位執行董事）。董事局成員列述如下：

Board of Directors 董事局		
Independent Non-Executive Directors 獨立非執行董事	Non-Executive Director 非執行董事	Executive Directors 執行董事
<ul style="list-style-type: none">James Chiu (Chairman) 趙雅各(主席)Lee Chack Fan 李焯芬Iain Ferguson Bruce 布魯士	<ul style="list-style-type: none">Lau Ko Yuen, Tom (Deputy Chairman) 劉高原(副主席)	<ul style="list-style-type: none">Chan Fut Yan (Deputy Chairman) 陳佛恩(副主席)Wong Kam Cheong, Stanley (Chief Executive Officer) 黃錦昌(行政總裁)

Biographical information of the Directors is set out on pages 18 to 21 of this annual report. They are also available on the Company's website.

董事履歷簡介列於本年報第18頁至第21頁，亦於本公司網站刊登。

Throughout the year ended 31 March 2011, more than one-third of the Board was made up of Independent Non-Executive Directors, one of whom had appropriate professional qualifications, or accounting or related financial management expertise, as required by the Listing Rules. There is no relationship (including financial, business, family or other material/relevant relationship) among members of the Board.

於截至二零一一年三月三十一日止整個年度內，董事局中超過三分之一董事為獨立非執行董事，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。董事局各成員之間並無諸如財務、商業、家族或其他重大／相關性質利益關係。

Independence of Independent Non-Executive Directors

Each of the Independent Non-Executive Directors has given an annual confirmation of independence to the Company pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all Independent Non-Executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

獨立非執行董事之獨立性

各獨立非執行董事已根據上市規則第3.13條向本公司發出週年確認書。本公司認為全體獨立非執行董事符合上市規則第3.13條所載之獨立身份指引，且根據指引條款具備獨立身份。

The Nomination Committee of the Company is responsible for assessing the independence of the Independent Non-Executive Directors. As a good corporate governance practice, every member of the Nomination Committee abstains from assessing his own independence.

本公司提名委員會負責評估獨立非執行董事之獨立性。作為良好企業管治常規，每位提名委員會成員不會參與有關其獨立性之評估。

Chairman and Chief Executive Officer

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

主席與行政總裁

主席與行政總裁之職位由不同人士擔任，各司其職，以確保權力及授權之均衡。主席與行政總裁分工清晰並以書面列明。

The Chairman of the Company is Ir James Chiu (an Independent Non-Executive Director and the Chairman of the Audit Committee of the Company). The Chief Executive Officer is Ir Dr Wong Kam Cheong, Stanley.

The role of the Chairman of the Company is to oversee the Company's strategic direction and the controls applied to its activities. The Chairman provides leadership for the Board and ensures that the Company establishes sound corporate governance practices and procedures. He also encourages all Directors to make a full and active contribution to the affairs of the Board.

The Chief Executive Officer is responsible for the overall performance of the Company and plays a leading role in delivering a growth strategy. He provides leadership for Management, oversees the day-to-day operations of the Group, and monitors the achievement of Company objectives set by the Board.

Non-Executive Directors

The Non-Executive Directors were appointed for a term of approximately three years expiring at the conclusion of the third annual general meeting from the date of their appointment/re-election, subject to the Company's Bye-laws. 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.

Meetings

The Board meets regularly and at least four times a year. Regular Board meetings are usually scheduled at the beginning of the year to give all Directors adequate time to plan their schedules to attend. Directors receive at least 14 days' prior written notice of regular Board meetings and an agenda. The Board papers, including supporting analyses and relevant background information, are normally sent to all Directors at least 3 days before the Board meeting. For other Board meetings, Directors are given as much notice as possible in the circumstances.

In order to have an effective Board, Directors are provided with information on activities and developments in the Group's business on a regular and timely basis to keep them apprised of the latest developments of the Group. In addition, the Directors have full access to information on the Group and are able to seek independent professional advice whenever they deem it necessary.

To avoid conflicts of interest, Directors who have declared their material interests in the proposed transactions or issues to be discussed are not counted in the quorum of meetings and abstain from voting on the relevant resolutions.

本公司之主席為趙雅各工程師(獨立非執行董事及本公司審核委員會主席)。行政總裁為黃錦昌博士，工程師。

本公司主席之角色為監管本公司之業務所運用之策略方向及控制。主席領導董事局並確保本公司制定穩健之企業管治常規及程序，並鼓勵全體董事全力投入董事局事務。

行政總裁負責本公司之整體表現，並在執行增長策略時擔當領導角色。彼領導管理層，監督本集團日常運作並督導由董事局制訂之公司發展目標之實際執行情況。

非執行董事

非執行董事之任期約為三年，直至其獲委任／膺選連任當日起第三個股東週年大會完結時止，並須符合本公司之公司細則。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。

會議

董事局定期開會，並每年最少舉行四次會議。董事局常會通常於年初編定，以便全體董事有充分時間撥冗出席。董事於董事局常會最少14天前接獲董事局常會通知及議程。董事局文件(包括支援性質之分析及相關背景資料)通常於董事局會議最少3天前送交全體董事。至於董事局其他會議，董事亦在可行情況下接獲盡量合理之通知。

為確保董事局行事有效，董事獲適時提供本集團業務之活動及發展之資料，以使董事瞭解集團之最新發展現狀。此外，董事可取閱本集團之一切資料，並在董事認為需要時徵詢獨立專業意見。

為避免利益衝突，就將討論的擬議交易或問題宣稱有重大利害關係的董事不得算入會議法定人數中，亦須迴避對相關決議案進行投票。

Corporate Governance Report

企業管治報告

Details of Directors' attendance at Board meetings and Board committee meetings during the year ended 31 March 2011 are set out in the following table:

有關董事於截至二零一一年三月三十一日止年度內出席董事局會議及董事委員會會議之詳情表列如下：

Meetings attended/held during the year ended 31 March 2011						
截至二零一一年三月三十一日止年度內出席/舉行之會議						
	Board	Audit Committee	Remuneration Committee	Nomination Committee	Finance and Investment Committee	Disclosures Committee
	董事局	審核委員會	薪酬委員會	提名委員會	財務及投資委員會	披露委員會
Number of meetings held during the year 年內舉行會議之次數	8	4	6	2	2	2
Independent Non-Executive Directors 獨立非執行董事						
James Chiu 趙雅各	8/8	4/4	6/6			
Lee Chack Fan 李焯芬	6/8	4/4	6/6	2/2		
Iain Ferguson Bruce 布魯士	5/8	4/4		2/2	2/2	2/2
Non-Executive Director 非執行董事						
Lau Ko Yuen, Tom 劉高原	7/8			2/2		2/2
Executive Directors 執行董事						
Chan Fut Yan (Note 1) 陳佛恩 (附註1)	6/6					
Wong Kam Cheong, Stanley 黃錦昌	8/8		6/6		2/2	
Cheung Lee Ming, Andy (Note 2) 張利民 (附註2)	2/2				0/0	0/0
Chief Financial Officer 財務總裁						
Law Hon Wa, William (Note 3) 羅漢華 (附註3)					2/2	2/2
Average attendance rate 平均出席率	87.5%	100.0%	100.0%	100.0%	100.0%	100.0%

Notes:

- Mr Chan Fut Yan was appointed as Deputy Chairman (Executive Director) with effect from 31 May 2010.
- Mr Cheung Lee Ming, Andy resigned as Executive Director & Chief Financial Officer with effect from 19 June 2010. He also ceased to be a member of the Finance and Investment Committee and Disclosures Committee with effect from 19 June 2010.
- Mr Law Hon Wa, William was appointed as Chief Financial Officer with effect from 19 June 2010. He was also appointed as a member of the Finance and Investment Committee and Disclosures Committee with effect from 31 May 2010.

附註：

- 陳佛恩先生自二零一零年五月三十一日起獲委任為副主席(執行董事)。
- 張利民先生自二零一零年六月十九日起辭任執行董事兼財務總裁。他亦自二零一零年六月十九日起不再為本公司之財務及投資委員會及披露委員會成員。
- 羅漢華先生自二零一零年六月十九日起獲委任為財務總裁。他亦自二零一零年五月三十一日起獲委任為本公司之財務及投資委員會及披露委員會成員。

Minutes of Board meetings and Board committee meetings with sufficient details of matters discussed are kept in safe custody by the Company Secretary, and are open for inspection by Directors.

BOARD COMMITTEES

To facilitate the work of the Board, Board committees have been set up with written terms of reference which clearly define the role, authority, and functions of each committee. Each Board committee is required to report their decisions or recommendations to the Board. Details of Directors' attendance at the Board committee meetings during the year ended 31 March 2011 are shown on page 26 of this annual report.

The role and function of, and a summary of work done by, each Board committee during the year ended 31 March 2011 are set out below:

Audit Committee

Composition

The Audit Committee consists of three members, all of whom are Independent Non-Executive Directors. The current members of this Committee are Ir James Chiu (Chairman), Professor Lee Chack Fan and Mr Iain Ferguson Bruce. None of them is a partner or former partner of Messrs Deloitte Touche Tohmatsu, the Company's external auditor.

Role and Function

The principal duties of the 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 auditor of the Company. This Committee also meets regularly with the Company's external auditor to discuss the audit process and accounting issues.

Summary of Work Done

The following is a summary of the work performed by the Audit Committee during the year ended 31 March 2011:

1. Review of the annual results of the Group for the year ended 31 March 2010;
2. Review of the interim results of the Group for the six months ended 30 September 2010;
3. Review of the Group's financial information, financial reporting system, internal control procedures, and financial and accounting policies and practices;
4. Approval of remuneration and terms of engagement of the external auditor;
5. Recommendation to the Board to re-appoint the external auditor at the 2010 annual general meeting;

詳盡載明相關事項之董事局會議及董事委員會會議之記錄由公司秘書妥為保管，並供各董事查閱。

董事委員會

為使董事局工作更為順利，特成立以書面列明職權範圍之董事委員會，清晰界定各委員會角色、權限及職能。各委員會均須向董事局報告其決議或建議。有關董事於截至二零一一年三月三十一日止年度內出席董事委員會之詳情見本年報第26頁。

各董事委員會於截至二零一一年三月三十一日止年度之角色職能及其工作概要如下：

審核委員會

組成

審核委員會由三位成員組成，他們均為獨立非執行董事。本委員會現時由趙雅各工程師(主席)、李焯芬教授及布魯士先生組成。他們之中無一人為本公司外聘核數師德勤•關黃陳方會計師行之夥伴或前夥伴。

角色及職能

審核委員會之主要職責包括督導本集團之財務申報制度及內部監控程序、檢討本集團之財務資料，並檢討與本公司外聘核數師之關係。本委員會亦與本公司之外聘核數師定期會晤，以商討審核之流程及會計事項。

工作概要

審核委員會於截至二零一一年三月三十一日止年度之工作概要如下：

1. 審閱本集團截至二零一零年三月三十一日止年度之全年業績；
2. 審閱本集團截至二零一零年九月三十日止六個月之中期業績；
3. 檢討本集團之財務資料、財務申報制度、內部監控程序及財務與會計政策及實務；
4. 審批外聘核數師之酬金及聘用條款；
5. 向董事局推薦於二零一零年股東週年大會上續聘外聘核數師；

6. Review of the external auditor's independence and objectivity and the effectiveness of the audit process, and review of policy on engaging the external auditor to supply non-audit services;
 7. Review of the audit plan for the financial year ended 31 March 2011;
 8. Review of the Company's systems of financial controls, internal control and risk management;
 9. Review the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget;
 10. Review of internal/external auditor's significant findings and recommendations, and monitoring of the subsequent implementation;
 11. Review of the effectiveness of the internal audit function of the Company;
 12. Approval of the 2012 internal audit plans;
 13. Review of the continuing connected transactions; and
 14. Meeting with the external auditor, in the absence of Management.
6. 檢討外聘核數師核數工作之獨立性、客觀性及有效性，並檢討聘用外聘核數師提供非核數服務之政策；
 7. 審閱截至二零一一年三月三十一日止財政年度之審核計劃；
 8. 檢討本公司之財務監控、內部監控及風險管理制度；
 9. 檢討本公司在會計及財務匯報職能上之資源、員工之資歷和經驗、其培訓計劃及預算等方面是否足夠；
 10. 檢討內部／外聘核數師之重要調查結果及建議，並監察其後之實行；
 11. 檢討本公司內部審核職能之有效性；
 12. 批准二零一二年之內部審核計劃；
 13. 審閱持續關連交易；及
 14. 在管理層缺席的情況下，與外聘核數師會晤。

Remuneration Committee

Composition

The Remuneration Committee consists of three members, the majority of whom are Independent Non-Executive Directors. The current members of this Committee are Ir James Chiu (Chairman), Ir Dr Wong Kam Cheong, Stanley and Professor Lee Chack Fan.

Role and Function

The Remuneration Committee has been established to ensure there is a formal and transparent procedure for setting policy on the remuneration of Executive Directors and for fixing the remuneration packages for all Directors. This 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.

Summary of Work Done

The following is a summary of the work performed by the Remuneration Committee during the year ended 31 March 2011:

1. Review of emoluments of Executive Directors and Senior Management; and
2. Review of year end bonus of Executive Directors and Senior Management.

薪酬委員會

組成

薪酬委員會由三位成員組成，他們當中大部份成員為獨立非執行董事。本委員會現時由趙雅各工程師（主席）、黃錦昌博士，工程師及李焯芬教授組成。

角色與職能

成立薪酬委員會旨在確保在釐定執行董事薪酬之政策及釐定全體董事之薪酬組合方面，有一套正式且具透明度的程序。本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建議。

工作概要

薪酬委員會於截至二零一一年三月三十一日止年度之工作概要如下：

1. 檢討執行董事及高級管理層之薪酬；及
2. 檢討執行董事及高級管理層之年終花紅。

Remuneration Policy

The Company ensures that the remuneration offered is appropriate for the duties, in line with market practice and pay levels, and effective in attracting, retaining and motivating employees (including Executive Directors). For Non-Executive Directors, the Company ensures that they are sufficiently but not excessively compensated for their efforts and time dedicated to the Company. No individual determines his or her own remuneration.

The remuneration of Directors is determined with reference to market competitiveness, job responsibilities, and performance of the Company and the individual. Details of the emoluments of Directors during the year ended 31 March 2011 are set out on page 92 of this annual report.

Nomination Committee

Composition

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

Role and Function

The Nomination Committee was established to ensure there is a formal, considered and transparent procedure for the appointment of new Directors to the Board. The duties of this 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 to be nominated for directorships.

The terms of reference of the Nomination Committee were revised in March 2011 in the light of the proposed amendment of the Listing Rules (as set out in the Consultation Paper on Review of the Code on Corporate Governance Practices and Associated Listing Rules, issued by the Hong Kong Stock Exchange in December 2010 (the "Consultation Paper")), to assign a new role to this Committee to review the effectiveness of the Directors.

Summary of Work Done

The following is a summary of the work performed by the Nomination Committee during the year ended 31 March 2011:

1. Review of the structure, size and composition (including the skills, knowledge and experience) of the Board;
2. Assessment of the independence of the Independent Non-Executive Directors; and
3. Review of the Company's policy on nomination of Directors.

薪酬政策

本公司確保所支付之薪酬與職務相配，並與市場慣性及水平保持一致；酬金水平必須具競爭力，能有效吸引、挽留及推動僱員（包括執行董事）。就非執行董事，本公司確保因應其投入本公司之精力及時間給予充裕而不過高之酬勞。概無人士自行釐定其個人薪酬。

董事之薪酬按市場競爭力、職務，及本公司及個別人士之表現釐定。截至二零一一年三月三十一日止年度之董事酬金詳情載於本年報第92頁。

提名委員會

組成

提名委員會由三位成員組成，他們當中大部份成員為獨立非執行董事。本委員會現時由李焯芬教授（主席）、劉高原先生及布魯士先生組成。

角色及職能

成立提名委員會旨在確保在委任新董事加入董事局方面有一套正式、經深思熟慮及具透明度之程序。本委員會之主要職責包括檢討董事局之架構、人數及組成，並於必要時提出改變的建議。其亦負責物色合資格加入董事局之人士，及就獲提名出任董事人士之遴選向董事局作出推薦。

因應上市規則之建議修訂（載列於一份香港聯交所於二零一零年十二月刊發之有關檢討企業管治常規守則及相關上市規則的諮詢文件（「諮詢文件」），提名委員會之職權範圍已於二零一一年三月修訂，以分配本委員會予檢討董事效能之新角色。

工作概要

提名委員會於截至二零一一年三月三十一日止年度之工作概要如下：

1. 檢討董事局之架構、人數及組成（包括技能、知識及經驗）；
2. 評估獨立非執行董事之獨立性；及
3. 檢討有關本公司董事提名之政策。

Nomination Procedure

The Nomination Committee reviews the structure, size and composition (including skills, knowledge and experience) of the Board on a regular basis and makes recommendations to the Board regarding any proposed changes.

Appointments of new Directors are first considered by the Nomination Committee. In considering the appointment of a Director, this Committee applies criteria such as professional and educational background, relevant experience, and qualifications. The recommendations of this Committee are then put to the Board for consideration and approval. Thereafter, all Directors appointed to fill casual vacancy are subject to election by shareholders at the first general meeting after their appointment.

Management and the Company Secretary liaise with the newly appointed Directors to acquaint them with their duties and responsibilities as Directors and the business operations of the Company. A package of orientation materials setting out their duties and responsibilities under the Listing Rules, Companies Ordinance, and other relevant regulatory requirements of Hong Kong is also provided to each newly appointed Director.

Details on legal and regulatory changes are also provided to all Directors in the discharge of their duties.

Finance and Investment Committee

Composition

The Finance and Investment Committee consists of three members. The current members of this Committee are Mr Iain Ferguson Bruce (Chairman), Ir Dr Wong Kam Cheong, Stanley and Mr Law Hon Wa, William.

Role and Function

The Finance and Investment Committee is mainly responsible for making recommendations to the Board on matters relating to investing in assets, evaluating the budgets of all key expenditures, reviewing financial performance against forecast, and considering dividend payout.

Summary of Work Done

The following is a summary of the work performed by the Finance and Investment Committee during the year ended 31 March 2011:

1. Review and evaluation of actual-to-budget results for the year ended 31 March 2010 and for the six months ended 30 September 2010 (including budget of all key expenditures);
2. Review of financial performance against forecast;

提名程序

提名委員會定期檢討董事局之架構、人數及組合(包括其技能、知識與經驗)，並就任何擬議改變向董事局提供建議。

新董事之委任由提名委員會首先考慮。審議董事提名事宜時，本委員會考慮有關人士專業及教育背景、相關經驗及資歷等方面，並向董事局提議合適之候選人供審議及審批。此後，所有為填補臨時空缺而被委任的董事均在他們獲委任後之首次股東大會上被股東選舉。

管理層及公司秘書會聯絡新獲委任董事，使他們熟悉身為董事之職責及責任，以及公司之業務營運，並向其提供列載根據上市規則、公司條例及香港其它相關監管規定董事須有的職責及責任等要求之迎新文件。

公司也向所有董事提供有關履行其職責方面的法制及監管之變動詳情。

財務及投資委員會

組成

財務及投資委員會由三位成員組成，本委員會現時由布魯士先生(主席)、黃錦昌博士，工程師及羅漢華先生組成。

角色及職能

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。

工作概要

財務及投資委員會於截至二零一一年三月三十一日止年度之工作概要如下：

1. 檢討及評估截至二零一零年三月三十一日止年度及截至二零一零年九月三十日止六個月實際業績與預算對比(包括所有主要開支之預算)；
2. 檢討財務表現及其相對預測；

3. Discussion on changes in accounting standards which may affect the Company's financial statements for the year ended 31 March 2010 and for the six months ended 30 September 2010; and
4. Consideration of the payment of the 2010 final dividend and 2011 interim dividend.

Disclosures Committee

Composition

The Disclosures Committee consists of three members. The current members of this Committee are Mr Iain Ferguson Bruce (Chairman), Mr Lau Ko Yuen, Tom and Mr Law Hon Wa, William.

Role and Function

The Disclosures Committee is mainly responsible for overseeing disclosures to shareholders, the public, and relevant statutory authorities, and for overseeing compliance with any applicable legal requirements for disclosure.

Summary of Work Done

The work done by the Disclosures Committee during the year ended 31 March 2011 included the review of the content of announcements relating to the annual results of the Group for the year ended 31 March 2010, and the interim results of the Group for the six months ended 30 September 2010.

Corporate Governance Committee

Establishment

The Corporate Governance Committee was established in March 2011 in the light of the proposed amendment of the Listing Rules (as set out in the Consultation Paper) in order to further strengthen the Company's corporate governance.

Composition

The Corporate Governance Committee consists of three members, the majority of whom are Independent Non-Executive Directors. The current members of this Committee are Ir James Chiu (Chairman), Mr Lau Ko Yuen, Tom and Mr Iain Ferguson Bruce.

Role and Function

The Corporate Governance Committee is mainly responsible for developing and regularly reviewing the Company's compliance with legal, regulatory and corporate governance standards and makes recommendations to the Board.

Summary of Work Done

Since the Corporate Governance Committee was newly established, no meeting of this Committee was held during the year ended 31 March 2011.

3. 討論可能對本公司截至二零一零年三月三十一日止年度及截至二零一零年九月三十日止六個月之財務報表造成影響之會計準則之變動；及
4. 審議二零一零年末期股息及二零一一年中期股息之派付事宜。

披露委員會

組成

披露委員會由三位成員組成。本委員會現時由布魯士先生(主席)、劉高原先生及羅漢華先生組成。

角色與職能

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。

工作概要

披露委員會於截至二零一一年三月三十一日止年度之工作包括審閱就本集團於截至二零一零年三月三十一日止年度之全年業績及本集團截至二零一零年九月三十日止六個月之中期業績所登載之公佈內容。

企業管治委員會

成立

因應上市規則之建議修訂(載列於諮詢文件)，企業管治委員會已於二零一一年三月成立，以加強本公司企業管治。

組成

企業管治委員會由三位成員組成，他們當中大部份成員為獨立非執行董事。本委員會現時由趙雅各工程師(主席)、劉高原先生及布魯士先生組成。

角色與職能

企業管治委員會主要負責制定及定期檢討本公司在法律、常規及企業管治準則之遵行，並向董事會提出建議。

工作概要

由於企業管治委員會剛成立，截至二零一一年三月三十一日止年度內並沒有舉行任何會議。

Executive Committee

Composition

The current members of the Executive Committee are Ir Dr Wong Kam Cheong, Stanley (Chairman), Mr Chan Fut Yan and Mr Law Hon Wa, William.

Role and Function

The Executive Committee is mainly responsible for handling the management and operations of the day-to-day business of the Group.

Management Functions

The division of responsibilities between the Board and Management are clearly set out in writing to ensure that there is a segregation of duties with clear accountability.

The Board, under the leadership of the Chairman of the Company, has delegated all the day-to-day operations and management of the Company's business to Management, who is under the leadership of the Chief Executive Officer of the Company. Management is required to report to the Board on their decisions or recommendations.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "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 year ended 31 March 2011.

The Company has also adopted a code of conduct governing securities transactions by employees who are likely to be in possession of unpublished price-sensitive information in relation to the Group.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Group. With the assistance of the accounts department, the Directors ensure that the financial statements of the Group are prepared on a going concern basis and in accordance with statutory requirements and applicable financial reporting standards. The Directors also ensure that the financial statements of the Group are published in a timely manner.

The statement by the external auditor of the Company regarding their reporting responsibilities of the financial statements of the Group is set out in the Independent Auditor's Report on pages 53 and 54 of this annual report.

執行委員會

組成

執行委員會之現任成員為黃錦昌博士，工程師（主席）、陳佛恩先生及羅漢華先生。

角色與職能

執行委員會主要負責處理本集團日常業務之管理以及營運。

管理職能

董事局與管理層之職責區分以書面形式清晰列明，以保證各司其職。

以本公司主席為首的董事局已將本公司業務之一切日常營運及管理工作的轉授予以本公司行政總裁為首的管理層負責。管理層須向董事局匯報其決議或建議。

董事之證券交易

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，他們於截至二零一一年三月三十一日止年度內均有遵守標準守則規定之準則。

本公司並已採納了針對可能獲取有關本集團未公佈之股價敏感性資料的僱員進行證券交易的行為守則。

董事對財務報表之責任

董事確認他們有責任編製本集團之財務報表。在會計部門協助下，董事確保本集團之財務報表乃根據法定要求及採用合適的財務報告準則，按持續經營基準編製。董事亦確保本集團準時刊發其財務報表。

本公司外聘核數師就彼等對本集團之財務報表之申報責任所作聲明，載於本年報第53頁及第54頁之獨立核數師報告書。

EXTERNAL AUDITOR

At the Company's Annual General Meeting held on 3 September 2010, shareholders approved the re-appointment of Messrs Deloitte Touche Tohmatsu as the Company's external auditor for the financial year ended 31 March 2011.

The fees paid to the external auditor for audit and non-audit services for the year ended 31 March 2011 (and the comparative figures for the year ended 31 March 2010) are as follows:

外聘核數師

於二零一零年九月三日舉行之本公司股東週年大會上，股東批准續聘德勤•關黃陳方會計師行為本公司截至二零一一年三月三十一日止年度之外聘核數師。

截至二零一一年三月三十一日止年度（及與截至二零一零年三月三十一日止年度之數字對照），應付本公司外聘核數師之核數及非核數服務之費用如下：

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Audit fee	核數費用	3,643	3,313
Non-audit services fees	非核數服務費用		
Interim review fee	中期審閱費用	680	630
Tax services	稅務服務	239	213
Provident fund audit	公積金核數	16	17
		935	860

The Audit Committee of the Company is responsible for approving the remuneration and terms of engagement of the external auditor and ensuring the continuing objectivity and independence of the external auditor. The Audit Committee of the Company has resolved to recommend the re-appointment of Messrs Deloitte Touche Tohmatsu as external auditor of the Company. This resolution has been endorsed by the Board and is subject to final approval and authorization by the shareholders at the 2011 Annual General Meeting.

本公司審核委員會負責審批聘用外聘核數師之薪酬及條件，並保證外聘核數師之持續客觀性及獨立性。本公司審核委員會已議決重新提名德勤•關黃陳方會計師行為本公司外聘核數師。此決議已被董事局批錄，並有待於二零一一年股東週年大會上進行最終審批及授權。

INTERNAL CONTROL AND RISK MANAGEMENT

Introduction

The Board acknowledges its responsibility for the Company's system of internal control and for reviewing its effectiveness. In meeting its responsibility, the Board seeks to increase risk awareness across the Company's business operations and has put in place policies and procedures which provide a framework for controls and management of risks.

The Board is also committed to managing risks and monitoring its business and financial activities in a manner which enables it to maximize profitable business opportunities, avoid or reduce risks which can cause loss or reputational damage, ensure compliance with applicable laws and regulations, and enhance resilience to external events.

內部監控及風險管理

導言

董事局有責任維持本集團之內部監控系統及檢討其效益。為履行此責任，董事局致力於本公司業務營運中增強風險意識，並合理制定相關政策及程序，為風險監控及管理的提供框架。

董事局亦致力管控風險及監察其業務及財務活動，務求能盡量提高可獲利商機、避免或減低可能造成損失或破壞聲譽之風險、確保遵守適用法例和法規以及提高對外來事件的回應能力。

Corporate Governance Report

企業管治報告

Internal Control

The Company has had in place an integrated internal control framework, issued by COSO (the Committee of Sponsoring Organizations of the Treadway Commission) in the United States, in complying with Code Provisions of Listing Rules. Internal control is defined as a process designed to provide reasonable assurance regarding the achievement of objectives in relation to the following:

- Effectiveness and efficiency of operations;
- Reliability of financial reporting; and
- Compliance with applicable laws and regulations.

The Company's internal control framework is divided into five inter-related components: control environment, risk assessment, control activities, monitoring and information & communication. It serves as criteria for the effectiveness of the internal control system in supporting the achievement of the separate but overlapping operational, financial reporting and compliance objectives.

The following diagram depicts the comprehensive nature of the Company's internal control framework and illustrates how effective monitoring affects the collective effectiveness of all five components of internal controls:



The Board has overall responsibility for the Company's system of internal control and assessment of risks. The responsibility of day-to-day management of operational risks and the implementation of mitigation measures lies with Management.

內部監控

本公司實行一套綜合內部監控框架，即美國的COSO (the Committee of Sponsoring Organizations of the Treadway Commission) 所頒佈，以助遵守上市規則之守則條文。內部監控被界定為因應就達致以下目標提供合理保證而制訂之流程：

- 營運效益及效率；
- 財務報告之可靠性；及
- 遵守適用法例及法規。

本公司之內部監控框架可分為五個相互關連部分：監控環境、風險評估、監控活動、監察及訊息與溝通。其擔當着有效內部監控系統之準則以支持並達成獨立但相互重疊之營運、財務報告及法規遵守之目標。

下圖描繪了本公司內部監控框架之全面性質，並說明了有效監察如何影響內部監控之所有五個組成部分之集體效益：

董事局須為本公司內部監控系統及風險評估作出整體之承擔。日常營運風險管理及減低風險措施之實施則由管理層負責。

Built into our system are checks and balances such that no single party can “monopolise” a transaction, activity or process to conceal irregularities. Hence, Management has undertaken the following additional checks and balances procedures:

- A clear functional organizational structure was set up with well-defined lines of authority, accountability and responsibilities. Each division clearly understands their scope of business and authorities delegated by Management;
- A “Business Policy and Quality Management” directive was issued by Management to address various important aspects in enhancing prudence in managing and conducting business as a listed company;
- A “Project and Cost Management System” has been developed in order to enhance the Company’s project management system and cost management system;
- A monthly reporting system on the performance of works contracts, and actual financial performance results against budgets to Management was well established. The Board reviews the Company’s operation and financial performance on a quarterly basis;
- Management reviews with each division on monthly basis to ensure that progress payments and final payments shall be received within a reasonable time. In parallel, accounts department also issues a summary of overdue trade receivable to each division regularly to assist the divisional heads to chase all outstanding payments and consequently to improve the Company’s cashflow position;
- The Board reviews annually, in particular, adequacy of resources, qualifications, experience of staff, training programme and budget of the Company’s accounting and financial reporting function as required under the Listing Rules;
- The Audit Committee assesses and monitors the effectiveness of internal control system in detecting fraud and other irregularities by reviewing the work of the internal corporate audit department and its findings; and
- The Company is aware of controlling price-sensitive information and its obligations under the Listing Rules.

The Board conducted a review of the effectiveness of the Company’s internal control systems during the year ended 31 March 2011, and was not aware of any significant issues that would have adverse impact on the effectiveness and adequacy of the internal control system of the Group. Such review covers all material controls, including financial, operational and compliance controls, risk management functions, adequacy of resources, qualifications and experience of staff of the Group’s accounting and financial reporting function, and their training programmes and budget.

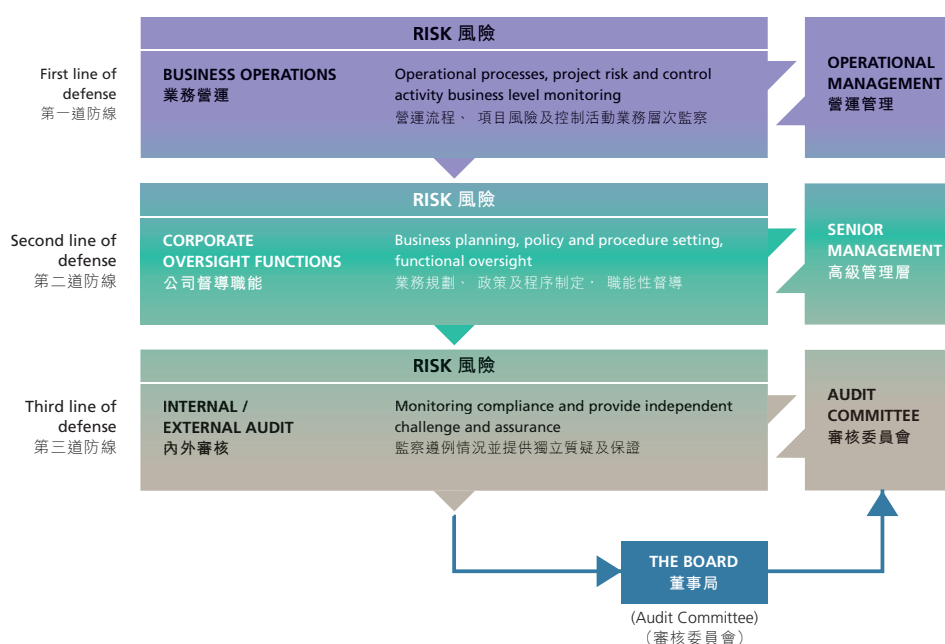
系統兼具制約與平衡措施，使無人可在同一項交易、活動或過程中「權力壟斷」，把違規行為隱瞞。因此，管理層已採取如下的額外制約與平衡程序：

- 建立具清晰界線授權、問責及責任的功能組織架構，使各分部清楚了解其業務範疇及獲管理層授予之權力；
- 管理層已頒佈「業務政策與質量管理」指引以明確多個重要範疇，務求作為上市公司更能審慎管理及經營其業務；
- 「項目與成本管理系統」已開發以提升本公司之項目管理系統及成本管理系統；
- 上報管理層有關工程合約之表現、實際財務表現對比預算案之每月報告系統已建立穩妥。董事局並會每季度檢討本公司之營運以及其財務表現；
- 管理層與各分部按月檢討中期進度款及尾期款之收款情況，以確保各款項可於合理時間內收到。同時，會計部亦定期向各分部發出逾期未付應收貿易帳款概要，協助分部主管追收欠款，最終達致改善本公司現金流狀況；
- 管理層按照上市規則所規定，每年特地檢討本公司在會計及財務匯報職能上之資源、員工之資歷及經驗、其培訓計劃及預算等方面是否足夠；
- 審核委員會透過對內部企業審核部門及其調查結果進行檢討，評估及監察內部監控能否有效辨認欺詐及其他違規行為；及
- 本公司明白須小心處理價格敏感資料及清楚其根據上市規則應承擔之責任。

董事局已就截至二零一一年三月三十一日止年度內本公司內部監控系統之效益進行檢討，並未察覺會對本集團內部監控系統之效益及適用性產生不利影響之任何重大問題。該檢討範圍涵蓋一切重要監控措施，包括財務監控、運作監控及合規監控，以及風險管理職能，本集團在會計及財務匯報職能上之資源、員工之資歷及經驗、其培訓計劃及預算等方面是否足夠。

Risk Management

The Company has established an enterprise risk management framework to identify potential events that may be affecting the Company, to manage risks within its risk appetite and to provide reasonable assurance regarding the achievement of the Company's objectives. It comprises of three lines of defence to provide Management, Audit Committee and the Board with the confidence that the Company is managing its risks and they are:



風險管理

本公司已建立一套企業風險管理框架，以辨認可能影響本公司之潛在事件，防範風險於未然，為達致本公司目標提供合理保障。此框架由三道防線組成，以給予管理層、審核委員會及董事局對本公司能管控風險的信心，分別是：

This enterprise risk management framework will enable the Company to have the following potential benefits:-

- Greater likelihood of achieving business objectives;
- Higher share prices over the longer term;
- Reduction in management time spent "fire fighting";
- Increased likelihood of change initiatives being achieved;
- More focus internally on doing the right things properly;
- Better basis for strategy setting;
- Achievement of competitive advantage;
- Fewer sudden shocks and unwelcome surprises; and
- Early mover into new business areas.

Furthermore, the Company enhanced the tender estimating procedures to identify, control and report on major tendering and estimating risks, including unfamiliarised countries, nature of works, buildabilities and technical feasibilities, changes in tender requirements, unreasonable basis of costs analysis and insufficient information for Management determining final tender sum.

此企業風險管理框架對本公司有以下潛在好處：

- 較大可能達致業務目標；
- 長線利好股價；
- 減少管理層用於「救火」的時間；
- 提高達致積極改革舉措的可能性；
- 更能驅使內部集中適當地處理應處理的事；
- 制定策略時更有把握；
- 加強競爭優勢；
- 減少突發震盪及不期望發生之意外事件；及
- 在新業務範疇早著先機。

另外，本公司改善其投標估計程序，以辨認、控制及匯報重大招標及估計風險，包括非熟悉國家、工程性質、建造及技術可行性、投標規定更改、不合理成本分析基準及資料不足等，以供管理層釐定最後投標金額。

Risk Assessment

During the year ended 31 March 2011, Management and internal corporate audit department carried out the following risk assessment exercises for the Company's operations and their progress and findings are reported to the Audit Committee of the Company quarterly:

- Setting the context of Company's goals and objectives for our risk assessment process;
- Reviewing the Company's key documentation policies and procedures on strategic-management, core-business, and resource-management processes;
- Identifying, assessing and documenting the Company's high-level risks, including financial, operational and compliance aspects;
- Performing a walkthrough check of the high-level risks documented in the risk registers to ascertain whether the control design was effective in addressing the respective risk;
- Identifying and documenting any deviations from the enterprise risk-management framework and providing potential improvement opportunities for any inconsistencies or gaps;
- Conducting technical field audit to help in locating lacunae and deficiencies in site organisation structure and contract management aspects; and
- Preparing an annual risk-based internal audit plan which details the internal auditing works for the next fiscal year.

Internal Audit

The independent internal corporate audit department monitors compliance with management policies and procedures and with regulatory requirements, and conducts testing on the effectiveness of internal control measures. The head of the internal corporate audit department reports directly to the Audit Committee of the Company on audit and internal control matters. A full set of internal audit reports will also be provided to the external auditor.

風險評估

截至二零一一年三月三十一日止年度內，管理層及公司內部企業審核部對本公司現有營運進行如下風險評估，並將評估進度及結果按季向本公司審核委員會匯報：

- 設定本公司就本身風險評估流程的目標及宗旨的內容；
- 檢討本公司有關策略管理、核心業務及資源管理流程之主要文件處理政策及程序；
- 辨認、評估及記錄本公司高層風險，包括財務、營運及遵例各方面；
- 對風險登記冊中記錄之高層風險作概括演練式審查，以確定監控設計能否有效地應對相關風險；
- 辨認及記錄任何有異於企業風險管理框架之情況，從而改善任何差異或差距；
- 進行技術性實地審核，以幫助找出工程項目組織架構及合約管理方面之缺陷及不足之處；及
- 編製年度針對風險的內部審核計劃，詳列下一財政年度之內部審核工作。

內部審核

獨立內部企業審核部負責監察管理政策與程序以及法規規定之合規情況，並對內部監控措施之有效性進行測試。內部企業審核部門主管就審核和內部監控事宜直接向本公司審核委員會匯報。整份內部審核報告亦會提供予外聘核數師。

The majority of key operational controls have been tested for their effectiveness by the internal corporate audit department and a review of the internal control system will be performed at least annually. The testing determines the extent to which operational procedures and controls are being properly followed and implemented in the Company. Based on the results of the tests, division heads are able to prove to Management that internal controls are working as intended or that necessary corrections have been made where control weaknesses were found. Management has adopted all the recommendations and established clear timelines for implementation. Progress will be reported to the Audit Committee of the Company and the Board on quarterly basis.

Using risk-assessment methodology and taking into account the dynamics of the Company's activities, the internal corporate audit department delivers its annual audit plan for next fiscal year which is approved by the Audit Committee of the Company. Under the approved Internal Corporate Audit Charter by the Board, the internal corporate audit department has unrestricted access to information and complete freedom to draw independent conclusions in their audit.

Any significant internal audit findings are discussed with respective division heads to have actions agreed and subsequently followed up, in order to ensure that the risks are mitigated. Whilst the enterprise risk-management framework is designed to identify and manage risks that could adversely impact the achievement of the Company's business objectives, they do not provide absolute assurance against misstatement, errors, losses or fraud.

INVESTOR RELATIONS AND SHAREHOLDER RIGHTS

In order to enhance shareholder and investor understanding of the Group's business, the Company has established several communication channels with shareholders and investors, including (i) printed copies of corporate documents (including but not limited to annual reports, interim reports, circulars and notices of shareholder meetings); (ii) general meetings where shareholders can offer comments and exchange views with the Board; (iii) the Company's website: www.pyengineering.com; and (iv) the Company's share registrar with whom shareholders register their shares.

Shareholders are encouraged to attend all general meetings of the Company, where the Chairman of the Company, Directors, and the external auditor are available to answer questions on the Group's businesses. In order to conduct the general meetings in a transparent manner, it has been the Company's practice to conduct poll voting at general meetings since 2005, way ahead of poll voting being made mandatory for all general meetings effective on 1 January 2009.

主要營運監控措施均經由公司內部企業審核部測試其效益，而內部監控系統檢討亦至少每年進行一次，此等測試可幫助了解到營運程序及監控措施於本公司是否妥當地遵行及其實施的程度。基於測試結果，各分部主管能向管理層證實內部監控措施是按計劃運作，或已就發現的監控弱點作出必要修正。管理層已採納所有建議並制定清晰的實施時間表，進度將按季向本公司審核委員會及董事局匯報。

採用風險評估方法以配合本公司業務的動向，公司內部企業審核部製定下一個財政年度之年度審核計劃書，供本公司審核委員會批核。根據董事局批准的公司內部審核誓章，公司內部企業審核部可不受限制取閱資料，並完全不受干預地作出獨立審核結論。

內部審核發現之任何重大問題會與相關分部主管討論，以協議將採取之行動並隨後跟進，旨在確保減輕風險。儘管企業風險管理框架乃用於辨別和管理可能對達致本公司業務目標造成不利影響之風險，但其不防止錯誤陳述、差錯、損失或欺詐提供絕對保證。

投資者關係及股東權利

為加深股東及投資者對本集團業務之了解，本公司已建立不同渠道與股東及投資者溝通，包括 (i) 印製之公司刊物 (包括而不限於年報、中期報告、通函及股東大會通告)；(ii) 股東大會讓股東可向董事局提出意見及交流觀點；(iii) 本公司網站 www.pyengineering.com；及(iv) 本公司之股份過戶登記處處理股東之股份登記。

本公司鼓勵股東出席所有股東大會。本公司主席、董事及外聘核數師均會出席股東大會，回答有關本集團業務之問題。為了讓股東大會具透明度地進行，本公司自二零零五年起已率先採取股東大會以點票方式表決之做法，自二零零九年一月一日起，所有股東大會均強制以點票方式表決。

The most recent shareholders' meeting of the Company was the special general meeting held on 6 May 2011. The major item discussed was approval of annual caps for continuing connected transactions, and 100% of the votes cast were in favour of this resolution. The results of the poll voting have been published on the websites of the Company and the Hong Kong Stock Exchange.

Details of the interests of Directors and shareholders in the shares of the Company are shown on pages 43 and 50 of this annual report.

OTHER CORPORATE INFORMATION

Memorandum and Articles of Association

There were no changes to the Company's memorandum and articles of association during the year ended 31 March 2011.

Key Corporate Dates

Events 事項	Dates 日期
Announcement of 2011 interim results 公佈二零一一年中期業績	26 November 2010 二零一零年十一月二十六日
Announcement of 2011 annual results 公佈二零一一年全年業績	24 June 2011 二零一一年六月二十四日
2011 annual general meeting 二零一一年股東週年大會	26 August 2011 二零一一年八月二十六日
Closure of register of members 暫停辦理股東登記手續	5 to 7 September 2011 二零一一年九月五日至二零一一年九月七日
Payment of 2011 final dividend 派付二零一一年末期股息	7 October 2011 二零一一年十月七日

Public Float Capitalisation

The public float capitalisation of the Company was approximately HK\$95 million on 31 March 2011, and approximately HK\$184 million on the date of this report.

By order of the Board

Mui Ching Hung, Joanna
Company Secretary

Hong Kong, 24 June 2011

本公司最近一次股東大會為二零一一年五月六日舉行之股東特別大會。主要討論議題為批准持續關連交易之年度上限，結果本決議案獲100%贊成票。點票表決結果已在本公司及香港聯交所網站刊載。

董事及股東於本公司股份之權益見本年報第43頁及第50頁。

其他公司資料

組織章程大綱及細則

截至二零一一年三月三十一日止年度內，本公司組織章程大綱及細則概無變動。

公司重要日期

公眾持股市值

本公司於二零一一年三月三十一日及本報告書日期之公眾持股市值分別約為95,000,000港元及約184,000,000港元。

承董事局命

梅靜紅
公司秘書

香港，二零一一年六月二十四日