

### CORPORATE GOVERNANCE PRACTICES

Starlite Holdings Limited (the “Company”) and its subsidiaries (together the “Group”) are committed to maintaining and upholding good corporate governance in order to protect the interests of shareholders, customers, suppliers and staff. The Company strives at ensuring high standards of corporate governance in the interests of shareholders and takes care to identify practices designed to achieve effective oversight, transparency and ethical behavior.

In November 2004, The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) issued certain amendments in the Listing Rules related to the Code on Corporate Governance Practices (the “Code”) and the rules on the Corporate Governance Report, which came into effect on 1st January, 2005. The Company has considered the Code and has reviewed and amended internal procedures, where appropriate, to comply with the Code.

Throughout the year ended 31st March, 2006, the Company was in compliance with the Code as set out in the then Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), except for the deviations as mentioned below.

This report includes information relating to corporate governance practices of the Company during the year ended 31st March, 2006 and significant events after that date and up to the date of this report.

### DIRECTORS’ SECURITIES TRANSACTIONS

The Company 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 for securities transactions by the Directors. All Directors have confirmed that, during the year ended 31st March, 2006, they have complied with the required standard set out in the Model Code regarding securities transactions by the Directors.

### 企業管治常規

為保障股東、客戶、供應商和員工的利益，星光集團有限公司（「本公司」）及其附屬公司（統稱「本集團」）致力維持和強化高水準的公司治理。本公司致力保持高水平的企業管治，以股東的利益為依歸，力求訂立合適的政策，實行有效監管，提升公司透明度，秉承應有的道德操守。

於二零零四年十一月，香港聯合交易所有限公司（「聯交所」）頒佈有關企業管治常規守則（「守則」）之若干上市規則修訂及企業管治報告規則，有關規則於二零零五年一月一日生效。本公司已審視守則及已審閱及修訂內部程序（如適用），以便符合守則的規定。

除下文所述偏離者外，於截至二零零六年三月三十一日止年度，本公司已遵守聯交所證券上市規則（「上市規則」）附錄十四所載之守則。

本報告包括於截至二零零六年三月三十一日止年度內有關本公司之企業管治常規之資料，及於該日期後及截至本報告日期之重大事項。

### 董事之證券交易

本公司已就董事進行證券交易採納上市規則附錄十所載上市公司董事進行證券交易的標準守則（「標準守則」），全體董事均已確認，截至二零零六年三月三十一日止年度，彼等一直遵守標準守則有關董事進行證券交易規定所載規定標準。

**BOARD OF DIRECTORS****The Board**

The Board is at the core of the Company's corporate governance framework, and there is clear division of responsibilities between the Board and the Management. The Board is responsible for providing high-level guidance and effective oversight of the Management. Generally, the Board is responsible for:

- formulating the Group's long term strategy and monitoring the implementation thereof;
- reviewing and approving the annual business plan and financial budget;
- approving the annual and interim reports;
- reviewing and monitoring risk management and internal control;
- ensuring good corporate governance and compliance; and
- monitoring the performance of the Management.

The Board currently has 8 members, comprising three independent non-executive directors, one non-executive director and four executive directors of whom certain are with appropriate professional qualification or are in possession of financial management expertise.

**董事會****董事會**

董事會作為本公司治理架構核心，同管理層之間具有明確分工。董事會負責給予管理層高層指引和有效監控。一般而言，董事會負責：

- 制訂本集團的長期戰略並監控其執行情況；
- 審批年度業務計劃和財務預算；
- 批准有關年度及中期業績；
- 審查及監控本集團的風險管理及內部監控；
- 負責本集團的公司治理及合規；及
- 監察本集團管理層的工作表現。

董事會由八位成員組成，包括三位獨立非執行董事，一位非執行董事及四位執行董事，若干董事具備適當的專業資格或有關財務管理的專業經驗。

The Board is scheduled to meet at least four times a year to determine overall strategic direction and objectives and approve interim and annual results and other significant matters. During the year ended 31st March, 2006, four Board meetings were held with an average attendance rate of 81%, details of which are presented below.

董事會擬每年舉行至少四次會議，以釐定整體策略方針及目標，並通過中期及年度業績及其他重要事項。截至二零零六年三月三十一日止年度內，已舉行之四次董事會會議之平均出席率為81%，詳情呈列如下：

Board Members	Meetings Attended/ Held	董事會成員	出席／舉行
<i>Executive directors</i>		<i>執行董事</i>	
Mr. Lam Kwong Yu ( <i>Chairman of the Board</i> )	4/4	林光如先生 ( <i>董事會主席</i> )	4/4
Ms. Yeung Chui	3/4	楊翠女士	3/4
Mr. Tai Tzu Shi, Angus	3/4	戴祖堯先生	3/4
Mr. Cheung Chi Shing, Charles	4/4	張志成先生	4/4
<i>Non-executive director</i>		<i>非執行董事</i>	
Mr. Christopher James Williams	1/4	Christopher James Williams 先生	1/4
<i>Independent non-executive directors</i>		<i>獨立非執行董事</i>	
Mr. Chan Yue Kwong, Michael	4/4	陳裕光先生	4/4
Mr. Kwok Lam-Kwong, Larry, JP	3/4	郭琳廣太平紳士	3/4
Mr. Tam King Ching, Kenny	4/4	譚競正先生	4/4

The meeting schedule had been prepared and approved by the Board in the preceding year. In general, Board agenda and meeting materials are despatched to all Board members in a timely manner. Board agenda is approved by the Chairman following consultation with other Board members and the Management.

會議時間安排在上一年度即已擬定通過。所有會議材料連同會議議程會及時送達全體董事會成員審閱。每次會議議程內容均在事前充份諮詢各董事會成員及管理層意見後，經主席確認而制訂。

The Company Secretary, Mr. Cheung Chi Shing, Charles, is responsible for taking minutes of Board and Board Committee meetings. Draft and final minutes are sent to all Directors for comments within a reasonable time. A final draft of each minutes of meetings is made available for inspection by Directors/Committee Members.

公司秘書張志成先生負責處理董事會及董事會委員會之會議記錄。會議記錄之草擬及最終版本將於適當時間送交董事以收集意見。每份會議記錄之最終版本可供董事／委員會成員查閱。

All Directors have access to the Company Secretary who is responsible for ensuring that Board procedures are complied with and advises the Board on corporate governance and compliance matters. They are also encouraged to take independent professional advice at the Company's expense in performance of their duties, if necessary. Furthermore, all the Directors are covered by the Directors' & Officers' Liability Insurance, which is also part of our best practices.

所有董事均可聯絡公司秘書，而公司秘書則負責確保董事會符合程序及就企業管治及法規事項向董事會提出意見。本公司鼓勵所有董事於有需要的情況下諮詢獨立專業人士的意見，以履行其職務，有關費用將由公司支付。此外，所有董事均獲得董事及行政人員責任保險保障，有關安排亦屬於本集團最佳常規之一部份。

**Chairman and CEO**

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The Company does not have a separate Chairman and Chief Executive Officer and Mr. Lam Kwong Yu currently holds both positions. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person would allow the Company to be more effective and efficient in developing long-term business strategies and execution of business plans. The Board believes that the balance of power and authority is adequately ensured by the operating of the Board which comprises experienced and high caliber individuals with a sufficient number thereof being Non-executive Directors.

**Appointments, re-election and removal**

The Board as a whole is responsible for the procedure agreeing to the appointment of its own members and for nominating them for election by the shareholders on first appointment and thereafter subject to retirement and re-election at annual general meeting in accordance with the Bye-laws of the Company. Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The non-executive directors of the Company have not been appointed for a specific term as they are subject to retirement and re-election at annual general meeting in accordance with the Bye-laws of the Company. The Company has not established any nomination committee and is not currently considering establishing the same owing to the small size of the Board of the Company. The Chairman of the Board is mainly responsible for identifying appropriate candidates to fill the casual vacancy whenever it arises or to add additional member as and when required. The Chairman will propose the qualified candidate(s) to the Board for consideration. The Board will approve the appointment based on the suitability, qualification of the candidate. The Chairman of the Board is reviewing the structure, size and composition of the Board and assessing the independence of independent non-executive directors, on a regular basis.

**Responsibilities of Directors**

Upon acceptance of appointment, a new Director is provided with sufficient orientation package, including introduction to Group activities (when necessary), induction into their responsibilities and duties, and other regulatory requirements, to ensure that he has a proper understanding of the business and his responsibilities as a Director of the Company.

**主席及行政總裁**

守則條文第A.2.1條規定應區分主席與行政總裁的角色，並不應由一人同時兼任。本公司並無區分主席與行政總裁，林光如先生目前兼任該兩個職位。董事會相信，由一人兼任主席與行政總裁的角色可讓本公司更有效及有效率發展長遠業務策略以及執行業務計劃。董事會相信，董事會由經驗豐富的優秀人才組成，加上相當成員均為非執行董事，故足以確保有關權力及職權能充分平衡。

**委任、膺選連任及撤換**

董事會全體負責制訂商定委任其本身成員及於首次委任時提名彼等供股東選舉及其後選舉之程序。守則條文第A.4.1條規定非執行董事的委任應有年期，並須接受重新選舉，而本公司之非執行董事並無按特定任期委任，惟根據本公司章程細則，彼等須於股東週年大會上告退及重選。由於本公司董事會規模較小，因此本公司並無成立任何提名委員會，目前亦並無考慮成立提名委員會。董事會主席主要負責物色適當人選以填補隨時出現之空缺或於有需要時新增成員。主席將向董事會建議合資格人選以供考慮。董事會將根據人選之適合程度及資歷而批准委任。董事會主席會定期審議董事會之結構、規模及組成及評估獨立非執行董事之獨立性。

**董事之責任**

新任董事於接受委任後，將獲得提供足夠之指導協助，包括介紹本集團業務（於有需要時）、簡介其責任及職責及其他監管規定，以確保其對本公司業務及作為本公司董事之責任有適當了解。

Each of the Directors is required to give sufficient time and attention to the affairs of the Company. As seen above, a very satisfactory average attendance rates were recorded on the meetings of the Board and Committees under the Board.

#### Independent non-executive Directors

The roles of the independent non-executive Directors include the following:

- (i) provision of independent judgement at the Board meeting;
- (ii) take the lead where potential conflicts of interests arise;
- (iii) serve on committees if invited; and
- (iv) scrutinize the performance of the Group as necessary

The independent non-executive Directors of the Company and their immediate family receive no payment from the Company or its subsidiaries (except the Director fee). No family member of any independent non-executive Directors is employed as an executive officer of the Company or its subsidiaries, or has been so in the past three years. The independent non-executive Directors are subject to retirement and re-election at the Annual General Meeting in accordance with the Bye-laws of the Company. Each independent non-executive Director has provided a confirmation of his independence with reference to the new independence guidelines as set out in the Listing Rules.

#### Supply of and access to information

To allow the Directors to make an informed decision and properly discharge their duties and responsibilities, the Company Secretary ensures that relevant Board papers are sent to all the Directors in a timely manner. All Board papers and minutes are also made available for inspection by the Board and its Committees.

每名董事須撥出足夠時間及注意力以處理本公司事務。如上文所載，根據董事會會議及董事會轄下委員會會議，均錄得令人極為滿意之出席率。

#### 獨立非執行董事

獨立非執行董事的角色包括下列各項：

- (i) 於董事會會議上提供獨立判斷；
- (ii) 於出現潛在利益衝突時作出處理；
- (iii) 如獲邀請則出任委員會成員；及
- (iv) 於有需要時監察本集團表現。

本公司獨立非執行董事及其直屬家眷並無接獲本公司或其附屬公司的任何款項（董事袍金除外）。概無任何獨立非執行董事的家族成員現在或於過往三年受聘為本公司或其附屬公司的行政人員。獨立非執行董事須根據本公司的組織章程細則於股東週年大會上告退及膺選連任。各獨立非執行董事已根據上市規則所載的新獨立指引提供其獨立性的確認書。

#### 提供及查閱資料

為了使董事可作出知情決定及適當履行其職責及責任，公司秘書確保有關董事會文件以適時方式送交所有董事。所有董事會文件及會議記錄亦可供董事會及其委員會查閱。



## REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Remuneration Committee was set up with the responsibility of recommending to the Board the remuneration policy of all the Directors and the senior management. The Remuneration Committee composed of all the four non-executive directors of the Company of which three of them are independent, details as set out below.

### Independent non-executive Directors

Mr. Chan Yue Kwong, Michael (*Chairman*)  
Mr. Kwok Lam-Kwong, Larry, JP  
Mr. Tam King Ching, Kenny

### Non-executive Director

Mr. Christopher James Williams

The Committee Chairman is required to report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

A meeting of the Remuneration Committee is required to be held at least once a year to coincide with key dates within the financial reporting and audit cycle. During the year ended 31st March, 2006, attendance for the four meetings held by the Remuneration Committee is set out below:

Remuneration Committee Members	Meetings Attended/ Held	薪酬委員會成員	出席／ 舉行
Mr. Chan Yue Kwong, Michael	3/4	陳裕光先生	3/4
Mr. Christopher James Williams	3/4	Christopher James Williams 先生	3/4
Mr. Kwok Lam-Kwong, Larry, JP	3/4	郭琳廣太平紳士	3/4
Mr. Tam King Ching, Kenny	4/4	譚競正先生	4/4

The Remuneration Committee is authorised to investigate any matter within its Terms of Reference and seek any information it requires from any employee and obtain outside legal or other independent professional advice at the cost of the Company if it considers necessary. The Remuneration Committee has reviewed the compensation of the directors and senior executives for 2006.

## 董事及高級管理層酬金

薪酬委員會的職責為向董事會建議所有董事及高級管理層之酬金政策。薪酬委員會由本公司四位獨立非執行董事(其中三位為獨立非執行董事)組成，詳情載列如下。

### 獨立非執行董事

陳裕光先生(委員會主席)  
郭琳廣太平紳士  
譚競正先生

### 非執行董事

Christopher James Williams 先生

委員會主席須於每次會議後向董事會匯報其職責及責任範圍內之所有事項處理程序。

薪酬委員會須至少每年舉行一次會議，日期須與財務報告及審核週期內之重要日子屬同一日。截至二零零六年三月三十一日止年度內，薪酬委員會舉行之四次會議的出席率如下：

薪酬委員會獲授權調查屬於薪酬會職權範圍內任何事項，並可向任何僱員搜集其需要之任何資料，及徵詢法律或其他獨立專業人士的意見，以履行其職務，有關費用將由公司支付。薪酬委員會已審閱董事及高級行政人員於二零零六年之薪酬。

During the year ended 31st March, 2006, total Directors' remuneration amounted to approximately HK\$10,993,000 (2005: HK\$10,641,000), individual details of which are disclosed in Note 10 of the Annual Report. Executive Directors and senior management's compensation including the long-term incentive shall be based on the corporate and individual performance.

## ACCOUNTABILITY AND AUDIT

### Financial reporting

The Directors are responsible for the preparation of financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. In preparing the financial statements for the year ended 31st March, 2006, the Directors have selected suitable accounting policies and applied them consistently; adopted appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards; made adjustments and estimates that are prudent and reasonable; and have prepared the financial statements on the going concern basis. The Directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company.

### Internal controls

The Board has overall responsibility for the system of internal controls of the Group and for reviewing its effectiveness. The Board is committed to implementing an effective and sound internal controls system to safeguard the interest of the shareholders and the Group's assets.

The Internal Audit Team (the "IA Team") will be established with an Internal Audit Charter to be approved and adopted by the Audit Committee. The Audit Team will be an independent unit established within the Group, which provides the Board an independent appraisal of the Group's systems of internal controls to evaluate the adequacy and effectiveness of the controls established to safeguard shareholders' investment and the Group's assets. The head of the internal audit has a direct reporting line to the Audit Committee.

The Directors through the IA Team under the Audit Committee conduct periodical reviews of the effectiveness of the Group's system of internal controls.

截至二零零六年三月三十一日年度內，董事酬金總額約10,993,000港元（二零零五年：10,641,000港元），詳情於年報內附註10披露。執行董事及高級管理層之薪酬（包括長期獎勵）應以企業及個人表現計算。

### 問責性及審核

#### 財務報告

董事有責任就每個財政期間編製真實兼公平反映本集團財務狀況的財務報表以及該期間的業績及現金流量。在編撰截至二零零六年三月三十一日止年度的財務報表時，董事必須採用適當的會計政策及貫徹應用該等會計政策；採納適當的香港財務報告準則及香港會計準則；作出審慎及合理的調整及估計；及按持續經營基準編製財務報表。董事亦須負責保存適當的會計記錄，並可於任何時間以合理準確方式披露本公司的財務狀況。

#### 內部監控

董事會須全面負責建立本公司的內部監控制度及檢討其成效。董事會承諾執行有效及穩健的內部監控制度，以保障股東權益及本集團資產。

本集團將成立內部審核隊伍，並將經審核委員會批准及接納其內部審核規章。內部審核隊伍為本集團內部成立的獨立部門，以評估本集團在保障股東投資及本集團資產的控制工作是否恰當及有效，對本集團的內部監控系統向董事會提供獨立評估的意見。內部審核部門的主管可直接向審核委員會匯報。

董事會透過審核委員會轄下的內部審核隊伍，對本集團的內部監控制度的成效進行定期檢討。

**Audit Committee**

The audit committee is composed of all the four non-executive directors of the Company of which three of them are independent. The audit committee has reviewed with management the accounting policies adopted by the Group and discussed auditing, internal control, and financial reporting matters, including the review of financial statements for the year ended 31st March, 2006.

The Audit Committee has reviewed the annual and interim results of 2006 and was content that the accounting policies of the Group are in accordance with the generally accepted accounting practices in Hong Kong.

Attendance for the four meetings held by the Audit Committee during the year is set out below:

Audit Committee Members	Meetings Attended/Held
Mr. Tam King Ching, Kenny ( <i>Chairman</i> )	4/4
Mr. Chan Yue Kwong, Michael	3/4
Mr. Christopher James Williams	2/4
Mr. Kwok Lam-Kwong, Larry, JP	3/4

**Auditors' Remuneration**

The financial statements for the year have been audited by PricewaterhouseCoopers. During the year, remuneration of approximately HK\$1,408,000 was payable to PricewaterhouseCoopers for the provision of audit services. In addition, approximately HK\$838,000 was payable to PricewaterhouseCoopers for other non-audit services. The non-audit services mainly consist of tax compliance and other advisory services.

**Communication with Shareholders**

Communication with shareholders is given high priority. Extensive information about the Group's activities is provided in the Annual Report and the Interim Report. The Group's website provides regularly updated Group information to shareholders. The Company also arranges regular site visit for investors and media. Enquiries on matters relating to shareholdings and the business of the Group are welcome, and are dealt with in an informative and timely manner. The Group encourages all shareholders to attend annual general meeting.

**審核委員會**

本公司之審核委員會由本公司之所有四位非執行董事(其中三位為獨立非執行董事)組成。本集團之審核委員會已與管理層審議本集團採用之會計政策，及商討審計、內部監控及財務匯報事項，包括審議此等截至二零零六年三月三十一日之年度財務報表。

審核委員會已審閱二零零六年的全年及中期業績，並對本集團的會計政策乃符合香港現時業內普遍採納的會計常規表示滿意。

年內審核委員會舉行之四次會議之出席率如下：

審核委員會成員	出席／ 舉行
譚競正先生(委員會主席)	4/4
陳裕光先生	3/4
Christopher James Williams 先生	2/4
郭琳廣太平紳士	3/4

**核數師酬金**

本年度財務報表已由羅兵咸永道會計師事務所審核。於本年度內，就提供審核服務而應付羅兵咸永道會計師事務所的酬金約為1,408,000港元。此外，就其他非審核服務而應付羅兵咸永道會計師事務所的款項約為838,000港元。非審核服務主要包括稅務法規及其他諮詢服務。

**與股東的聯繫**

本集團相當重視與股東的聯繫。年報及中期報告提供大量關於本集團業務的資料。本集團的網站定期為股東提供最新資訊。本公司亦定期為投資者及傳媒安排實地訪問。本集團歡迎投資者查詢有關彼等所持股權及本集團業務的事項，而所有查詢均會於短時間內處理。本集團亦歡迎所有股東出席股東週年大會。