

## 企業管治報告

## Corporate Governance Report

### 企業管治慣例

### Corporate Governance Practices

本公司致力設立良好企業管治常規及程序。截至二零零六年十二月三十一日止年度內，本集團一直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14所載之企業管治常規守則（「企業管治守則」）所訂明之守則條文，惟對守則條文A.2.1之偏離除外。上述偏離將於下文相關段落中說明。

The Company is committed to the establishment of good corporate governance practices and procedures. Throughout the year ended 31st December 2006, the Group has complied with the code provisions prescribed in the Code on Corporate Governance Practices (“CG Code”) set out in the Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), except for the deviation from Code Provision A.2.1 which is explained in the following relevant paragraph.

### 董事之證券交易

### Directors’ Securities Transactions

本公司已採納上市規則附錄10所載列之模範守則，作為其本身就有關董事在證券交易方面之操守守則（「守則」）。經向各董事作特別垂詢後，本公司確認全體董事於本回顧年度內均告遵守守則所載列之所需標準。

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors (the “Code”). Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Code for the year under review.

## 董事會

## Board of Directors

### 董事會成員

### Composition of the Board of Directors

本公司董事會由七名董事組成，其中四名為執行董事葉俊亨先生、鍾佩雲女士、葉國利先生及陳志秋先生，以及三名為獨立非執行董事黃弛維先生、周浩明醫生及勞恒晃先生。每名董事各自之履歷詳情載於本年報「董事及高級管理人員簡介」一節。

The Board of Directors of the Company comprises seven Directors, of whom four are Executive Directors, namely Mr. Ip Chun Heng, Wilson, Ms. Chung Pui Wan, Mr. Yip Kwok Li and Mr. Chan Chi Chau and, three are Independent Non-executive Directors, namely Mr. Wong Chi Wai, Dr. Chow Ho Ming and Mr. Lo Hang Fong. Each of the Directors’ respective biographical details is set out in the “Directors and Senior Management Profiles” of this annual report.

董事會結構均衡，而每名董事均具備與本集團業務相關之豐富知識、經驗及／或專業知識。就本公司所深知，除鍾佩雲女士及葉國利先生分別為本公司主席葉俊亨先生之配偶及兄弟外，董事會成員間概無任何財務、業務、家族或其他重大／相關關係。董事會認為，董事於執行其職務及責任時，上述關係並不會對其獨立判斷與持正行事構成影響。全體執行及獨立非執行董事之深厚經驗及專業知識均讓本公司受惠。

The composition of the Board of Directors is well balanced with each Director having sound knowledge, experience and/or expertise relevant to the business of the Group. To the best knowledge of the Company, there is no financial, business, family or other material/relevant relationship among members of the Board save that Ms. Chung Pui Wan and Mr. Yip Kwok Li is the spouse and brother of Mr. Ip Chun Heng, Wilson, Chairman of the Company, respectively. In the Board’s opinion, these relationships do not affect the Directors’ independent judgement and integrity in executing their roles and responsibilities. All Executive Directors and Independent Non-executive Directors bring a variety of experience and expertise to the Company.

**主席及行政總裁**

根據企業管治守則之守則條文A.2.1，主席與行政總裁之角色應有區分，並不應由一人同時兼任。截至二零零六年十二月三十一日止年度內，本公司並無任何職稱為「行政總裁」之人員。行政總裁之職責目前由葉俊亨先生（「葉先生」）及鍾佩雲女士（「葉太」）履行。彼等為本公司之執行董事及創辦人，亦分別為本公司之主席及副主席。葉先生擁有逾29年之零售及服務業經驗，彼負責本集團整體策劃及制訂公司政策。葉太擁有逾24年銷售及推廣化粧品經驗，彼負責管理本集團之整體銷售及推廣業務。董事會認為，基於本集團之經營性質及範疇，葉先生及葉太最適合出任本公司之行政總裁，因彼等對零售銷售及化粧品市場具備豐富知識及經驗。儘管上文另有規定，董事會將不時檢討現行架構。在適當時候，倘可於本集團內外物色具備合適領導才能、知識、技能及經驗之人選，則本公司或會作出必要安排。

**董事會之職能**

本公司由董事會監管，而董事會負責指導及監督本公司事務。董事會須就本集團之發展向股東負責，以提升股東之長遠價值為目標，同時平衡廣泛股份持有人的權益。

董事會亦負責領導及監控本公司，監督本集團之業務及評估本集團之表現。此外，董事會亦專注於本集團之整體策略發展，而其政策尤其著重於本集團之增長及財務表現。

董事會授權執行董事及管理層負責本集團之日常營運，部門主管則負責各不同範疇之業務／職能，而若干有關策略性決策之主要事宜則保留待董事會批准。董事會將其管理及行政職能授權予管理層時，其已就管理層之權力發出清晰指示，尤其對管理層代表本公司作出任何決策或訂立任何承諾前須向董事會作出報告及獲其事先批准之情況發出清晰指示。

**Chairman and Chief Executive**

According to the code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive officer should be separated and should not be performed by the same individual. During the year ended 31st December 2006, the Company does not have any officer with the title "chief executive officer" (the "CEO"). At present, the duties of a CEO are undertaken by Mr. Ip Chun Heng, Wilson ("Mr. Ip") and Ms. Chung Pui Wan ("Mrs. Ip"). They both are the executive directors and founders of the Company and are also the Chairman and Vice-chairman of the Company respectively. Mr. Ip has more than 29 years' experience in running retail and service business and he is responsible for the overall strategic planning and formulation of corporate policies of the Group. Mrs. Ip has more than 24 years' experience in sales and marketing of cosmetic products and she is responsible for the overall sales and marketing operations management of the Group. The Board considered that, due to the nature and extent of the Group's operations, Mr. Ip and Mrs. Ip are the most appropriate chief executives of the Company because they have the in-depth knowledge and experience in the retails sales and cosmetic product market. Notwithstanding the above, the Board will review the current structure from time to time. When at the appropriate time and if candidate with suitable leadership, knowledge, skills and experience can be identified within or outside the Group, the Company may make necessary arrangements.

**Functions of the Board of Directors**

The Company is governed by a Board of Directors which is responsible for directing and supervising its affairs. This Board is accountable to shareholders for the development of the Group with the goal of maximizing long-term shareholder's value, while balancing broader stakeholder's interests.

The Board of Directors is also responsible for the leadership and control of the Company, oversee the Group's businesses and evaluate the performance of the Group. Besides, the Board also focuses on overall strategic development of the Group and its policies with particular attention paid to the growth and financial performance of the Group.

The Board of Directors delegates day-to-day operations of the Group to Executive Directors and Management with department heads responsible for different aspects of the business/functions, while reserving certain key matters in making strategic decision for its approval. When the Board delegates aspects of its management and administration functions to Management, it has given clear directions as to the powers of Management, in particular, with respect to the circumstances where Management shall report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company.

## 企業管治報告 (續)

### 董事會 (續)

#### 獨立非執行董事

為符合上市規則第3.10(1)條，本集團有三名獨立非執行董事，佔超過三分之一董事會成員。該三名獨立非執行董事中，黃弛維先生具備上市規則第3.10(2)條所規定有關會計或有關財務管理專業之適當專業資格。

本公司已接獲各獨立非執行董事根據上市規則第3.13條有關其獨立性之書面確認書。根據該確認書，本公司認為黃弛維先生、周浩明醫生及勞恒晃先生為獨立人士。

#### 董事之委任、重選及罷免

各執行董事已與本公司訂立服務合約，由二零零三年七月一日起初步為期兩年，其後可由訂約方向另一方發出不少於三個月之書面通知予以終止。

各獨立非執行董事已與本公司訂立服務合約，為期一年，黃弛維先生及周浩明醫生之服務合約將於二零零七年六月三十日屆滿，而勞恒晃先生之服務合約則於二零零七年九月二十三日屆滿，其後可由訂約方向另一方發出不少於一個月之書面通知予以終止。

本公司之公司細則規定，全體董事（包括執行董事及獨立非執行董事）須最少每三年輪席告退一次。

## Corporate Governance Report (continued)

### Board of Directors (continued)

#### Independent Non-executive Directors

In compliance with Rule 3.10(1) of the Listing Rules, there are three Independent Non-executive Directors representing over one-third of the Board of Directors. Among the three Independent Non-executive Directors, Mr. Wong Chi Wai has appropriate professional qualifications in accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules.

The Company has received from each of Independent Non-executive Directors the written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company, based on such confirmation, considers Mr. Wong Chi Wai, Dr. Chow Ho Ming and Mr. Lo Hang Fong to be independent.

#### Directors' Appointment, Re-election and Removal

Each of Executive Directors has entered into a service contract with the Company for an initial term of two years commencing from 1st July 2003, and will continue thereafter until terminated by not less than three months' notice in writing served by either party to the other.

Each of Independent Non-Executive Directors has entered into a service contract with the Company for a term of one year expiring on 30th June 2007 for Mr. Wong Chi Wai and Dr. Chow Ho Ming and expiring on 23rd September 2007 for Mr. Lo Hang Fong respectively, and will continue thereafter until terminated by not less than one month's notice in writing served by either party to the other.

In accordance with the Company's articles of association, all Directors (including Executive Directors and Independent Non-executive Directors) are subject to retirement by rotation at least once every three years.

董事會 (續)

董事會會議及董事會常規

董事會須每年舉行最少四次會議，董事會亦將於其他須董事會就特定事宜作出決策之情況下舉行會議。董事將於各董事會會議舉行前接獲將討論之議程事項詳情及委員會會議之會議紀錄。公司秘書負責於董事會會議前向董事派發詳盡文件，令董事得以迅速獲悉清晰準確之資料，並得以於會議上就討論事項作出知情決定。全體董事均可接觸公司秘書，而公司秘書會定期向董事會提供監管及規管事宜之最新資料。公司秘書亦負責確保遵守董事會會議程序，並向董事會提供有關遵守董事會會議程序事宜之意見。

任何董事如擬尋求獨立專業意見以充分履行其職責，均可尋求有關意見，費用概由本公司承擔。透過入職簡介、持續參與董事會工作及與主要管理人員舉行會議，本公司鼓勵董事提升其技能與知識，並加深對本集團之瞭解。

截至二零零六年十二月三十一日止年度，已舉行五次會議，而董事會會議之出席紀錄載列如下：

**執行董事**

葉俊亨先生  
鍾佩雲女士  
葉國利先生  
陳志秋先生

**獨立非執行董事**

黃弛維先生  
周浩明醫生  
勞恒晃先生

Board of Directors (continued)

Board Meetings and Board Practices

The Board of Directors meets at least four times a year, and the Board of Directors will also meet on other occasions when a board-level decision on a particular matter is required. The Directors will receive details of agenda items for decision and minutes of committee meetings in advance of each Board meeting. The Company Secretary is responsible for distributing detailed documents to Directors prior to the meetings of the Board of Directors to ensure that the Directors are able to make informed decisions regarding the matters discussed in the meetings so that they may receive accurate, timely and clear information. All Directors have access to the advice and services of the Company Secretary who regularly updates the Board on governance and regulatory matters. The Company Secretary is also responsible for ensuring the procedures of the Board meetings are observed and providing to the Board of Directors opinions on matters in relation to the compliance with the procedures of the Board meetings.

Any Director wishing to do so in the furtherance of his or her duties, may take independent professional advice at the Company's expense. Directors are encouraged to update their skills, knowledge and familiarity with the Group through their initial induction, ongoing participation at Board and Committee meetings, and through meeting key members of Management.

During the year ended 31st December 2006, five meetings were held. The attendance records for the Directors' meetings are set out below:

**董事之出席率  
Directors' Attendance**

**Executive Directors**

Mr. Ip Chun Heng, Wilson	5/5
Ms. Chung Pui Wan	5/5
Mr. Yip Kwok Li	5/5
Mr. Chan Chi Chau	5/5

**Independent Non-executive Directors**

Mr. Wong Chi Wai	5/5
Dr. Chow Ho Ming	5/5
Mr. Lo Hang Fong	3/5

**董事會委員會**

**Board Committees**

**審核委員會**

**Audit Committee**

本公司已成立審核委員會，並具有明文職權範圍。目前，審核委員會成員包括三名獨立非執行董事黃弛維先生、周浩明醫生及勞恒晃先生。黃弛維先生為委員會主席。

The Company has established an audit committee with written terms of reference. At present, members of the audit committee comprise Mr. Wong Chi Wai, Dr. Chow Ho Ming and Mr. Lo Hang Fong, being the three Independent Non-Executive Directors of the Company. Mr. Wong Chi Wai is the chairman of the committee.

審核委員會為董事會與本公司核數師間就集團審核範圍事宜之重要聯繫。審核委員會之職責為審閱外部核數及風險評估之效率，並審閱本公司之年報與賬目及中期報告，亦向董事會提供意見及建議。審核委員會已審閱本公司截至二零零六年十二月三十一日止年度之經審核財務報表。委員會定期與管理層及外部核數師舉行會議，以討論核數服務計劃、本集團所採納之會計原則與慣例及財務申報事宜。截至二零零六年十二月三十一日止年度內，審核委員會已舉行四次會議，以審閱截至二零零五年十二月三十一日止年度之經審核財務報表及截至二零零六年六月三十日止六個月之未經審核財務報表，並就批准有關財務報表向董事會提推薦意見，亦已審閱本集團採納之會計原則及政策以及其內部監控系統。審核委員會會議之出席紀錄載列如下：

The audit committee acts as an important link between the Board the Company's auditors in matters within the scope of the Group's audit. The duties of the audit committee are to review and discuss on the effectiveness of the external audit and risk evaluation of the Company, as well as the Company's annual report and accounts, interim report and to provide advice and comments to the Board. The audit committee has reviewed the audited financial statements of the Company for the year ended 31st December 2006. The Committee meets regularly with the management and the external auditors to discuss the audit service plan, accounting principles and practices adopted by the Group and financial reporting matters. During the year ended 31st December 2006, four meetings were held to review the audited financial statements for the year ended 31st December 2005 and the unaudited financial statement for the six months ended 30th June 2006 with the recommendations to the Board for approval; and has reviewed the accounting principles and policies adopted by the Group and its system of internal control. The attendance records for the audit committee meetings are set out below:

**董事之出席率  
Directors' Attendance**

**審核委員會成員**

**Members of the audit committee**

黃弛維先生  
周浩明醫生  
勞恒晃先生

Mr. Wong Chi Wai	4/4
Dr. Chow Ho Ming	4/4
Mr. Lo Hang Fong	2/4

**薪酬委員會**

本公司已於二零零五年九月十六日成立薪酬委員會，其書面職權範圍與企業管治守則之條款相若。薪酬委員會就本公司所有董事及高級管理人員薪酬之政策及架構向董事會提供推薦意見。概無委員會成員可參與釐定其本身酬金。薪酬委員會由三名成員組成，包括兩名獨立非執行董事黃弛維先生及周浩明醫生以及主席兼執行董事葉俊亨先生。周浩明醫生為委員會主席。截至二零零六年十二月三十一日止年度內，已舉行三次會議，以檢討董事會及高級管理人員之薪酬方案及討論新委任高級管理人員之薪酬方案。薪酬委員會會議之出席紀錄載列如下：

**薪酬委員會成員**

周浩明醫生  
黃弛維先生  
葉俊亨先生

**Remuneration Committee**

The Company established a remuneration committee on 16th September 2005 with terms of reference no less exacting terms than the CG Code. The remuneration committee makes recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management. No committee member should be involved in deciding his own remuneration. The remuneration committee consists of three members, including the Company's two Independent Non-executive Directors, namely Mr. Wong Chi Wai and Dr. Chow Ho Ming and a Chairman and an Executive Director, Mr. Ip Chun Heng, Wilson. Dr. Chow Ho Ming is the chairman of the committee. During the year ended 31st December 2006, three meetings were held to review the remuneration package of the Board and the senior management, and discuss the remuneration package of the newly appointed senior management. The attendance records for the remuneration committee meetings are set out below:

**董事之出席率  
Directors' Attendance**

**Members of the remuneration committee**

Dr. Chow Ho Ming	3/3
Mr. Wong Chi Wai	3/3
Mr. Ip Chun Heng, Wilson	3/3

## 企業管治報告 (續)

## Corporate Governance Report (continued)

### 董事會委員會 (續)

### Board Committees (continued)

#### 提名委員會

#### Nomination Committee

本公司已於二零零五年九月十六日成立提名委員會，其書面職權範圍與企業管治守則之條款相若。提名委員會負責根據候選人之資格、業務經驗及是否適合本公司之基準提名潛在董事人選、審閱董事提名、就有關委任及評核獨立非執行董事之獨立性向董事會提供推薦意見。提名委員會由三名成員組成，包括兩名獨立非執行董事黃弛維先生及勞恒晃先生以及主席兼執行董事葉俊亨先生。勞恒晃先生為委員會主席。截至二零零六年十二月三十一日止財政年度內，已舉行三次會議以檢討董事會之架構、規模及組成、評估獨立非執行董事之獨立性，以及就續訂獨立非執行董事之服務合約及委任高級管理人員向董事會提供推薦意見。提名委員會會議之出席紀錄載列如下：

The Company established a nomination committee on 16th September 2005 with terms of reference no less exacting terms than the CG Code. The nomination committee is responsible for nominating potential candidates for directorship based on the candidates' qualifications, business experience and suitability to the Company, reviewing the nomination of directors, making recommendations to the Board on such appointments and assessing the independence of the Independent Non-executive Directors. The nomination committee consists of three members, including the Company's two Independent Non-executive Directors, namely Mr. Wong Chi Wai and Mr. Lo Hang Fong and a Chairman and an Executive Director, Mr. Ip Chun Heng, Wilson. Mr. Lo Hang Fong is the chairman of the committee. During the financial year ended 31st December 2006, three meetings were held to review the structure, size and composition of the Board, assess the independence of Independent Non-executive Directors, and make recommendation to the Board relating to the renewal services of Independent Non-executive Directors and the appointment of a senior management. The attendance records for the nomination committee meetings are set out below:

#### 董事之出席率 Directors' Attendance

#### 提名委員會成員

勞恒晃先生  
黃弛維先生  
葉俊亨先生

#### Members of the nomination committee

Mr. Lo Hang Fong	2/3
Mr. Wong Chi Wai	3/3
Mr. Ip Chun Heng, Wilson	3/3

#### 問責性及核數

#### Accountability and Audit

#### 董事於財務報表及財務申報之責任

#### Directors' Responsibility for the Financial Statements and Financial Reporting

本公司截至二零零六年十二月三十一日止年度之財務報表已由審核委員會審閱。董事知悉彼等於編製賬目及就本公司之業績、狀況及前景提呈平衡、清晰及全面評估之責任。董事並不知悉任何事件或狀況可能對本公司持續營運之能力構成重大疑問。

The Company's financial statements for the year ended 31st December 2006 have been reviewed by the audit committee. The Directors acknowledge their responsibility for preparing the accounts and presenting a balanced, clear and comprehensive assessment of the Company's performance, position and prospects. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

#### 核數師酬金

羅兵咸永道會計師事務所及劉歐陽會計師事務所有限公司獲股東於股東週年大會上委任為聯席核數師。截至二零零六年十二月三十一日止年度，就彼等之核數服務應付羅兵咸永道會計師事務所及劉歐陽會計師事務所有限公司合共1,280,000港元。年內，就劉歐陽會計師事務所有限公司所提供非核數服務(包括稅務諮詢服務)支付162,000港元。

#### 投資者及股東關係

董事會深明與本公司股東及投資者維持清晰、適時及有效通訊之重要性。因此，董事會及本集團之高級管理層透過路展、個人訪問及會議等多種不同渠道與投資者、分析員、基金經理及傳媒維持緊密通訊。本集團特別委派執行董事陳志秋先生作為投資者關係之聯絡人，以回應投資者有關索取資訊之要求與查詢。

董事會亦歡迎股東就對本集團構成影響之事宜表達意見，並鼓勵彼等出席股東大會，直接與董事會或管理層溝通。

#### 內部監控

董事會已就本集團內部監控系統之有效性進行檢討。內部監控系統乃設計以符合本集團之特定需要及所承受之風險，而基於其性質所言，有關系統僅可就不會出現誤報或損失提供合理(而非絕對)保證。

#### Auditors' Remuneration

PricewaterhouseCoopers and Lau & Au Yeung C.P.A. Limited have been appointed as the joint auditors of the Company by shareholders at the annual general meeting. For the year ended 31st December 2006, an amount of totaling HK\$1,280,000 was payable to PricewaterhouseCoopers and Lau & Au Yeung C.P.A. Limited for their audit services. During the year, an amount of HK\$162,000 was paid to Lau & Au Yeung C.P.A. Limited for providing non-audit services, including taxation advisory services.

#### Investor and Shareholder Relations

The Board recognizes the importance of maintaining clear, timely and effective communication with shareholders of the Company and investors. Therefore, the Board and the Group's senior management maintain close communications with investors, analysts, fund managers and the media by various channels including roadshows, individual interviews and meetings. The Group specifically assigns Mr. Chan Chi Chau, an Executive Director, being the contact person of investor relations to respond the requests for information and queries from the investors.

The Board also welcomes the views of shareholders on matters affecting the Group and encourages them to attend shareholders' meetings to communicate with the Board or Management directly.

#### Internal Control

The Board had conducted a review of the effectiveness of the Group's internal control system. The internal control system is designed to meet the Group's particular needs and the risks to which it is exposed, and by their nature can only provide reasonable, but not absolute assurance against misstatement or loss.



## 企業管治報告 (續)

## Corporate Governance Report (continued)

### 內部監控 (續)

### Internal Control (continued)

本集團已制訂程序以保障資產不會在未經授權下遭使用或出售、控制資本開支、存置妥善之會計記錄，並確保供業務及刊發用途之財務資料之可靠性。本集團內合資格管理人員會持續維持及監察內部監控系統。

Procedures have been set up for safeguarding assets against unauthorized use or disposition, controlling over capital expenditure, maintaining proper accounting records and ensuring the reliability of financial information used for business and publication. Qualified management throughout the Group maintains and monitors the internal control system on an ongoing basis.

董事會與審核委員會已授權一外聘獨立專業團體，就本集團內部監控系統之成效進行年度檢討。檢討範圍涵蓋所有重大監控事宜，包括財務、業務及遵例監控等方面。根據外聘獨立專業團體之評估結果，董事會認為本集團之內部監控系統具有效用，而審核委員會亦未發現內部監控系統有重大缺陷。

The Board and the audit committee have delegated an external independent professional body to conduct an annual review of the effectiveness of the internal control system of the Group, covering all material controls, including financial, operation and compliance control, etc. Based on the assessment made by the external independent professional body, the Board considered that the internal control system of the Group are effective and the audit committee have found no material deficiencies on the internal control system.