

董事會報告

董事會欣然提呈截至二零零三年十二月三十一日止年度彼等之首份報告連同本公司及本集團之經審核財務報表。

企業重組及本公司股份在聯交所主板上市

本公司於二零零三年三月二十五日根據開曼群島公司法第22章（一九六一年第三法例，經綜合及修訂）於開曼群島註冊成立為獲豁免有限公司。根據一系列集團重組步驟（「重組」），本公司自二零零三年六月十七日起成為現時組成本集團之附屬公司之控股公司。重組詳情載於本公司於二零零三年六月三十日之售股章程。

本公司股份自二零零三年七月十六日起在聯交所主板上市。

主要業務

本公司之主要業務為投資控股。各附屬公司主要在香港及澳門從事美容保健產品之零售及批發與經營纖體美容及保健中心等業務。

業績

本集團截至二零零三年十二月三十一日止年度之業績及現金流量詳情，以及本公司及本集團於該日之業務狀況載於第31至第35頁之財務報表。

股息

董事會已宣派中期股息每股普通股2.6港仙，相當於5,689,000港元，已於二零零三年十月十五日派付。

董事會建議派付截至二零零三年十二月三十一日止年度之末期股息每股普通股6.3港仙，相當於13,784,000港元。

五年財務概要

本公司過往五個財政年度之業績以及資產及負債概要載於第2頁。

固定資產

本集團固定資產之變動詳情載於第55頁之財務報表附註13。

Directors' Report

The directors have pleasure in submitting their first report together with the audited financial statements of the Company and the Group for the year ended 31 December 2003.

Corporate Reorganisation and Listing of the Company's Shares on the Main Board of the Stock Exchange

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 25 March 2003 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Pursuant to a series of group reorganisation steps (the "Reorganisation"), the Company has since 17 June 2003 become the holding company of the subsidiaries now comprising the Group. Details of the Reorganisation are set out in the prospectus dated 30 June 2003 issued by the Company.

The shares of the Company are listed on the Main Board of the Stock Exchange with effect from 16 July 2003.

Principal Activities

The principal activity of the Company is investment holding. The subsidiaries are principally engaged in the retailing and wholesaling of beauty and health-care products and the operation of beauty and health salons in Hong Kong and Macau.

Results

Details of the results and cash flow of the Group for the year ended 31 December 2003, and the state of affairs of the Company and of the Group as at that date, are set out in the financial statements on pages 31 to 35.

Dividends

The directors have declared an interim dividend of 2.6 HK cents per ordinary share, amounted to HK\$5,689,000 which was paid on 15 October 2003.

The directors recommend the payment of a final dividend of 6.3 HK cents per ordinary share for the year ended 31 December 2003, amounting to HK\$13,784,000.

Five-Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 2.

Fixed Assets

Details of the movements in fixed assets of the Group are set out in note 13 to the financial statements on page 55.

董事會報告 (續)

股本

本公司股本之變動詳情載於第63至第65頁之財務報表附註21。

儲備

本集團及本公司儲備於年內之變動載於第66至第67頁之財務報表附註22及綜合股權變動表。

可供分派儲備

根據開曼群島公司法第22章(一九六一年第三法例，經綜合及修訂)，本公司之股份溢價及實繳盈餘可分派予股東。於二零零三年十二月三十一日，本公司可供分派予股東之儲備合共約85,772,000港元(二零零二年：零港元)。

分類資料

本集團本年度按業務分類之業績分析載於第46至第47頁之財務報表附註4。由於本集團大致上所有營業額及經營溢利業績貢獻乃來自在香港之業務，故並無呈列地區分類分析。

購股權資料

本公司購股權計劃概要及購股權年內變動詳情載於第76至第88頁。

董事

年內及截至本報告日期止任職之董事如下：

執行董事

葉俊亨先生 (於二零零三年三月二十五日獲委任)
 鍾佩雲女士 (於二零零三年三月二十五日獲委任)
 葉國利先生 (於二零零三年六月二日獲委任)
 陳志秋先生 (於二零零三年六月二日獲委任)

獨立非執行董事

黃馳維先生 (於二零零三年七月十七日獲委任)
 周浩明醫生 (於二零零三年七月十七日獲委任)

根據本公司之公司細則第112條，所有董事於應屆股東週年大會上退任，且合資格並願意膺選連任。

Directors' Report (continued)

Share Capital

Details of the movements in share capital of the Company are set out in note 21 to the financial statements on pages 63 to 65.

Reserves

Movements in the reserves of the Group and of the Company during the year are set out in note 22 to the financial statements and in the consolidated statement of changes in equity on pages 66 to 67.

Distributable Reserves

Pursuant to the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, share premium and contributed surplus of the Company are distributable to the shareholders. At 31 December 2003, the Company's reserves available for distribution to shareholders amounted in total to approximately HK\$85,772,000 (2002: HK\$NIL).

Segment Information

An analysis of the Group's performance for the year by business segment is set out in note 4 to the financial statements on pages 46 to 47. No geographical segments analysis is presented as substantially all the Group's turnover and contribution to operating profits results are derived from the operation in Hong Kong.

Share Option Information

A summary of the share option scheme and details of the movements in share options of the Company during the year are set out on pages 76 to 88.

Directors

The directors who held office during the year and up to the date of this report are:

Executive Directors

Mr. Ip Chun Heng, Wilson (appointed on 25 March 2003)
 Ms. Chung Pui Wan (appointed on 25 March 2003)
 Mr. Yip Kwok Li (appointed on 2 June 2003)
 Mr. Chan Chi Chau (appointed on 2 June 2003)

Independent Non-Executive Directors

Mr. Wong Chi Wai (appointed on 17 July 2003)
 Dr. Chow Ho Ming (appointed on 17 July 2003)

In accordance with Article 112 of the Company's Articles of Association, all directors retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

董事會報告 (續)

董事及高級管理人員履歷

於本報告日期本公司董事及本集團高級管理人員之履歷詳情載於第6至第8頁。

董事之服務合約

各執行董事已與本公司訂立服務合約，自二零零三年七月一日起初步為期兩年，並將於其後持續直至其中一方發出三個月書面通知終止為止。各執行董事均享有基本薪金（董事可酌情調整），並可享有不超過本公司於二零零三年十二月三十一日後任何財政年度之經審計股東應佔溢利15%之酌情管理花紅。執行董事不得就向其支付之管理花紅之決議案投票。獨立非執行董事之任期為一年，直至二零零四年六月三十日止。除每年之董事袍金100,000港元外，獨立非執行董事無權享有任何其他酬金。

董事之合約權益

各董事概無於在年內或年終存在而本公司或其任何附屬公司為訂約方之任何重大合約中直接或間接擁有重大權益。

Directors' Report (continued)

Directors' and Senior Management's Biographies

Biographical details of the directors of the Company and senior management of the Group as at the date of this report are set out on pages 6 to 8.

Directors' Service Contracts

Each of the Executive Directors has entered into a service contract with the Company for an initial term of two years commencing 1 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 these Executive Directors is entitled to a basic salary which will be reviewed at the discretion of the Board. In addition, the Executive Directors are also entitled to a discretionary management bonus provided that the aggregate amount of the bonuses payable to all the Executive Directors for any financial year of the Company after 31 December 2003 may not exceed 15% of the audited profit attributable to the shareholders of the Group in respect of the financial year. An Executive Director may not vote on any resolution of the Directors regarding the amount of the management bonus payable to him. The Independent Non-Executive Directors have been appointed for a term of one year expiring on 30 June 2004. Save for a fee of HK\$100,000 per annum for each of them, the Independent Non-Executive Directors are not entitled to any other remuneration.

Directors' Interests In Contracts

None of the directors had a material interest, whether directly or indirectly, in any contract of significance subsisting during or at the end of the year to which the Company or any of its subsidiaries was a party.

董事及行政總裁於本公司或任何相聯法團股份、相關股份及債權證中之權益及淡倉

於二零零三年十二月三十一日，根據香港聯合交易所有限公司證券上市規則（「上市規則」）所披露，本公司董事及行政總裁於本公司或其任何相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）股份中擁有之權益如下：

於本公司股份之權益
Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or any Associated Corporation

As at 31 December 2003, the interests of the directors and the chief executive of the Company in the shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") disclosed in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") were as follows:—

Interest in the shares of the Company

| 董事姓名 Name of Directors | 身份及性質 Capacity and nature | 股份數目 (3) Number of Shares (3) | 總計 Total | 佔已發行 股本百分比 % of issued share capital |
|-----------------------------------|--|-------------------------------------|-------------|---|
| 葉俊亨先生 Mr. Ip Chun Heng, Wilson | 個人權益 (1) Personal interests (1) | 7,288,000 | 153,160,000 | 70 |
| | 全權信託基金創辦人 (2) Founder of discretionary trust (2) | 145,872,000 | | |
| 葉鍾佩雲女士 Mrs. Ip, Chung Pui Wan | 個人權益 (1) Personal interests (1) | 7,288,000 | 153,160,000 | 70 |
| | 全權信託基金創辦人 (2) Founder of discretionary trust (2) | 145,872,000 | | |

附註：
Notes:

- | | |
|---|--|
| <p>1. 該等股份由葉俊亨先生及葉鍾佩雲女士共同持有。</p> <p>2. 該等股份由Promised Return Limited所持有。Promised Return Limited乃專為全權信託基金為受益人而持有股份之專門機構，葉俊亨先生及葉鍾佩雲女士乃其創辦人。</p> <p>3. 上文所述之股份權益乃指好倉。</p> | <p>1. The shares are held jointly by Mr. Ip Chun Heng, Wilson and Mrs. Ip, Chung Pui Wan.</p> <p>2. The shares are held by Promised Return Limited, a special vehicle used solely for the purpose of holding the shares for the benefit of a discretionary trust which Mr. Ip Chun Heng, Wilson and Mrs. Ip, Chung Pui Wan are the founders.</p> <p>3. Interests in shares stated above represents long positions.</p> |
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董事會報告 (續)
Directors' Report (continued)

董事及行政總裁於本公司或任何相聯法團股份、相關股份及債權證中之權益及淡倉 (續)

Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or any Associated Corporation (continued)

本公司於相關股份之好倉：

Long positions in underlying shares of the Company:

| 董事姓名 Name of Directors | 授出購股權日期 Date of grant of share options | 行使期間 Exercise period | 每股行使價 Exercise price per share | 於二零零三年 | 於二零零三年 |
|-----------------------------|--|---|--------------------------------------|---|--|
| | | | | 一月一日 尚未行使之 購股權數目 Number of share options outstanding as at 01.01.2003 | 十二月三十一日 尚未行使之 購股權數目 Number of share options outstanding as at 31.12.2003 |
| 葉俊亨 Ip Chun Heng, Wilson | 二零零三年 十一月二十九日 29.11.2003 | 二零零五年一月一日至 二零零四年十二月三十一日 01.01.2005-31.12.2014 | 1.65 | 1,000,000 | 1,000,000 |
| 鍾佩雲 Chung Pui Wan | 二零零三年 十一月二十九日 29.11.2003 | 二零零五年一月一日至 二零零四年十二月三十一日 01.01.2005-31.12.2014 | 1.65 | 1,000,000 | 1,000,000 |
| 葉國利 Yip Kwok Li | 二零零三年 十一月二十九日 29.11.2003 | 二零零五年一月一日至 二零零四年十二月三十一日 01.01.2005-31.12.2014 | 1.65 | 500,000 | 500,000 |
| 陳志秋 Chan Chi Chau | 二零零三年 十一月二十九日 29.11.2003 | 二零零五年一月一日至 二零零四年十二月三十一日 01.01.2005-31.12.2014 | 1.65 | 500,000 | 500,000 |

除載於第76至第88頁之購股權計劃所披露者外，本公司或其任何附屬公司於年內任何時間概無訂立任何安排，致使本公司董事或任何彼等之配偶或未滿十八歲之子女可藉購入本公司或任何其他法團之股份或債權證而獲益。

Save as disclosed in the share option scheme set out on pages 76 to 88, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company or any of their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

於本公司附屬公司之權益

Interest in the subsidiary of the Company

| 董事姓名 Name of Directors | 附屬公司名稱 Name of the subsidiary | 身份及性質 Capacity and nature | 無投票權遞延股份 (附註2) Non-voting deferred shares (Note 2) | |
|-----------------------------------|--|---------------------------------|--|-------------------|
| | | | 數目 Number | 百分比 Percentage |
| 葉俊亨先生 Mr. Ip Chun Heng, Wilson | 卓悅化粧品批發中心 有限公司 (附註1) Bonjour Cosmetic Wholesale Center Limited (Note 1) | 個人權益 Personal interests | 153,000 | 51% |
| 葉鍾佩雲女士 Mrs. Ip, Chung Pui Wan | 卓悅化粧品批發中心 有限公司 (附註1) Bonjour Cosmetic Wholesale Center Limited (Note 1) | 個人權益 Personal interests | 147,000 | 46% |

附註：

Notes:

- 卓悅化粧品批發中心有限公司乃本公司之全資附屬公司。
- 該等無投票權遞延股份已繳足股款，每股面值為1.00港元。
- Bonjour Cosmetic Wholesale Center Limited is a wholly-owned subsidiary of the Company.
- The non-voting deferred shares are fully-paid and have par value of HK\$1.00 each.

董事會報告 (續)

董事及行政總裁於本公司或任何相聯法團股份、相關股份及債權證中之權益及淡倉 (續)

除上文所披露者外，於二零零三年十二月三十一日，本公司董事或行政總裁概無於本公司或任何相聯法團(定義見證券及期貨條例第XV部)股份、相關股份及債權證中擁有根據證券及期貨條例第XV部第7及第8分部，或根據證券及期貨條例有關條文被當作或視為擁有之任何權益或淡倉，或根據證券及期貨條例第352條須登記於本公司備存之登記冊之任何權益，或根據上市公司董事進行證券交易之標準守則須知會本公司及香港聯合交易所有限公司(「聯交所」)之權益或任何淡倉。

董事之競爭業務權益

年內，本公司董事或管理層股東(定義見上市規則)概無於與本集團業務競爭或可能與本集團業務競爭之業務中擁有權益。

主要股東於本公司股份、相關股份及債權證中之權益及淡倉

於二零零三年十二月三十一日，以下人士(本公司董事及行政總裁除外)於本公司已發行股本中擁有根據證券及期貨條例第XV部第2及第3分部須向本公司披露之權益及淡倉，已登記於本公司根據證券及期貨條例第336條而備存之登記冊內：

| 名稱 Name | 股份權益總數(1) Total interests in shares (1) | 佔權益 概約百分比 Approximate percentage of interests |
|---------------------------------------|---|---|
| Promised Return Limited (2) | 145,872,000 | 66.67% |
| Deco City Limited (2) | 145,872,000 | 66.67% |
| DBS Trustee H.K. (Jersey) Limited (2) | 145,872,000 | 66.67% |

附註：

- 上文所述之股份權益乃指好倉。
- Promised Return Limited (「Promised Return」)乃由Deco City Limited全資擁有，而Deco City Limited則為一間由全權信託基金DBS Trustee H.K. (Jersey) Limited間接全資擁有之公司。該全權信託基金之受益人包括葉俊亨先生(「葉先生」)及鍾佩雲女士(「葉太太」)之家族成員。Promised Return乃專為以上述全權信託基金為受益人而持有股份之專門機構。於其註冊成立日期，Promised Return之股權分別由葉先生及葉太太持有51%及49%。於二零零三年六月十七日，葉先生及葉太太將Promised Return之全部已發行股本轉讓予Deco City Limited。

Directors' Report (continued)

Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or any Associated Corporation (continued)

Save as disclosed above, as at 31 December 2003, none of the directors or the chief executive of the Company had, under Divisions 7 and 8 of Part XV of the SFO, nor were they taken to or deemed to have under such provisions of the SFO, any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) or any interests which are required to be entered into the register kept by the Company pursuant to section 352 of the SFO or any interests which are required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, was interested in or had any short position.

Directors' Interest In Competing Business

During the year, none of the directors or management shareholders of the Company (as defined in the Listing Rules) has an interest in a business which compete or may compete with the business of the Group.

Substantial Shareholders' Interests and Short Positions in the Shares, Underlying Shares of The Company

As at 31 December 2003, the interests and short positions of the following persons, other than directors and chief executive of the Company, in the issued share capital of the Company which have been disclosed to the Company pursuant to Division 2 and 3 of Part XV of the SFO have been recorded in the register kept by the Company pursuant to section 336 of the SFO:—

Notes:

- Interests in shares stated above represent long positions.
- Promised Return Limited ("Promised Return") is wholly owned by Deco City Limited which in turn is a company indirectly wholly owned by a discretionary trust, DBS Trustee H.K. (Jersey) Limited, which beneficiaries comprise family members of Mr. Ip Chun Heng, Wilson ("Mr. Ip") and Ms. Chung Pui Wan ("Mrs. Ip"). Promised Return is a special vehicle used solely for the purpose of holding the Shares for the benefit of the discretionary trust referred to above. As at the date of its incorporation, Promised Return was held as to 51% and 49% by Mr. Ip and Mrs. Ip respectively. On 17 June 2003, Mr. Ip and Mrs. Ip transferred the entire issued share capital of Promised Return to Deco City Limited.

董事會報告 (續)

主要股東於本公司股份、相關股份中之權益及淡倉 (續)

除上文所披露者外，於二零零三年十二月三十一日，概無任何人士於本公司已發行股本中擁有根據證券及期貨條例第XV部第2及第3分部須向本公司披露之權益或任何淡倉。

購買、出售或贖回證券

由二零零三年六月十七日(本公司股份在香港聯合交易所有限公司開始上市日期)起至二零零三年十二月三十一日止期間(「上市期間」)，本公司概無贖回其任何股份。於上市期間內，本公司或其任何附屬公司概無購買或出售本公司任何股份。

主要客戶及供應商

年內，本集團向其五大供應商採購之貨品及服務少於30%，而向其五大客戶出售之貨品及服務少於30%。

主要附屬公司

本公司各附屬公司之業務載於財務報表附註14。

慈善捐款

本集團於年內作出之慈善捐款為230,000港元。

管理合約

年內並無訂立或存在有關本公司全部或任何重大部份業務之管理及行政之合約。

關連交易

截至二零零三年十二月三十一日止年度，本集團概無訂立根據香港聯合交易所有限公司證券上市規則構成關連交易之任何交易。

優先認購權

本公司之組織章程細則並無有關優先認購權之條文，而開曼群島法例並無有關權利之限制。

Directors' Report (continued)

Substantial Shareholders' Interests and Short Positions in the Shares, Underlying Shares of The Company (continued)

Save as disclosed above, no person was interested in or had any short position in the issued share capital of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO as at 31 December 2003.

Purchase, Sale or Redemption of Securities

During the period from 17 July 2003, the commencement date of the listing of the Company's shares on the Stock Exchange of Hong Kong Limited, to 31 December 2003 (the "Listing Period"), the Company has not redeemed any of its shares. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the Listing Period.

Major Customers and Suppliers

During the year, the Group purchased less than 30% of its goods and services from its 5 largest suppliers and sold less than 30% of its goods and services to its 5 largest customers.

Principal Subsidiaries

The activities of the Company's subsidiaries are set out in note 14 to the financial statements.

Charitable Donations

Charitable donations made by the Group during the year amounted to HK\$230,000.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the company were entered into or existed during the year.

Connected Transactions

The Group did not enter into any transactions during the year ended 31 December 2003, that would constitute connected transactions under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

Pre-Emptive Rights

There is no provision for pre-emptive rights under the Company's articles of association and there was no restriction against such rights under the laws of the Cayman Islands.

董事會報告 (續)

遵守上市規則最佳應用守則

於上市期間，本公司一直遵守上市規則所載之最佳應用守則。

審核委員會

本公司已成立審核委員會，具有根據香港會計師公會建議之指引編製之明文職權範圍。目前，審核委員會成員包括本公司兩名獨立非執行董事黃兆維先生及周浩明醫生。審核委員會已審閱外部核數以及內部監控及風險評估之效率。

核數師

賬目經由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共同審核。一項重新委聘退任聯席核數師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之決議案將於應屆股東週年大會上提呈。

代表董事會
主席
葉俊亨

香港，二零零四年四月二十三日

Directors' Report (continued)

Compliance With The Code of Best Practice of The Listing Rules

During the Listing Period, the Company was in compliance with the Code of Best Practice as set out in the Listing Rules.

Audit Committee

The Company has established an audit committee with written terms of reference based upon the guidelines recommended by the Hong Kong Society of Accountants. At present, members of the audit committee comprise Mr. Wong Chi Wai and Dr. Chow Ho Ming, being the two Independent Non-Executive Directors of the Company. The audit committee has reviewed the effectiveness of both the external audit and of internal controls and risk evaluation.

Auditors

The accounts were audited jointly by PricewaterhouseCoopers and Lau & Au Yeung C.P.A. Limited. A resolution to re-appoint the retiring joint auditors, PricewaterhouseCoopers and Lau & Au Yeung C.P.A. Limited, will be put at the forthcoming Annual General Meeting.

On behalf of the Board
Ip Chun Heng, Wilson
Chairman

Hong Kong, 23 April 2004