

CORPORATE GOVERNANCE

企業管治

Composition of the Board and Board Committees 董事會及董事委員會的組成

Board 董事會



Executive Directors

Dr KWOK Siu Ming Simon
(Chairman and Chief Executive Officer)
郭少明博士
(主席及行政總裁)

Dr KWOK LAW Kwai Chun Eleanor
(Vice-chairman)
郭羅桂珍博士
(副主席)

Dr LOOK Guy
(Chief Financial Officer)
陸楷博士
(首席財務總監)

Non-executive Director

Ms LEE Yun Chun Marie-Christine
利蘊珍小姐

Independent Non-executive Directors

Ms TAM Wai Chu Maria
譚惠珠小姐

Ms KI Man Fung Leonie
紀文鳳小姐

Mr TAN Wee Seng
陳偉成先生

Audit Committee 審核委員會



Mr TAN Wee Seng (Chair)
陳偉成先生(主席)

Ms TAM Wai Chu Maria
譚惠珠小姐

Ms KI Man Fung Leonie
紀文鳳小姐

Nomination Committee 提名委員會



Ms TAM Wai Chu Maria (Chair)
譚惠珠小姐(主席)

Dr KWOK LAW Kwai Chun Eleanor
郭羅桂珍博士

Ms KI Man Fung Leonie
紀文鳳小姐

Remuneration Committee 薪酬委員會



Ms KI Man Fung Leonie (Chair)
紀文鳳小姐(主席)

Dr KWOK LAW Kwai Chun Eleanor
郭羅桂珍博士

Ms TAM Wai Chu Maria
譚惠珠小姐

Executive Committee 行政委員會



Dr KWOK Siu Ming Simon (Chair)
郭少明博士(主席)

Dr KWOK LAW Kwai Chun Eleanor
郭羅桂珍博士

Dr LOOK Guy
陸楷博士

Risk Management Committee 風險管理委員會



Dr KWOK Siu Ming Simon (Chair)
郭少明博士(主席)

Dr KWOK LAW Kwai Chun Eleanor
郭羅桂珍博士

Dr LOOK Guy
陸楷博士

CORPORATE GOVERNANCE

企業管治

We recognise that high standards of corporate governance are fundamental to delivering strategic goals, building sustainable shareholder value and balancing stakeholders' interests. We are therefore committed to maintaining the highest standards of corporate governance.

Details of our corporate governance practices can be found in our annual report and our corporate website.

Compliance with the Corporate Governance Code ("CG Code")

Throughout the six months ended 30 September 2018 and up to the date of this interim report, we have complied with all but one of the code provisions in the CG Code. In respect of the one deviation from the CG Code, the roles of the chairman and chief executive officer are currently held by the same individual, namely, Dr KWOK Siu Ming Simon. The division of responsibilities between the two roles are, however, clearly established and set out in writing in the respective terms of reference for the chairman and the chief executive officer. Dr Kwok, being one of the founders of the Group, has superior knowledge of our business and is a veteran of the retail industry. The Board is therefore of the view that vesting the roles of chairman and chief executive officer in the same person facilitates the execution of the Group's business strategies and maximises the effectiveness of our operations. We will, nevertheless, periodically review the Board's structure going forward in light of the evolving needs of the Group and consider segregation of the two roles if and when appropriate.

我們認為高水平的企業管治是達成策略性目標、建立可持續股東價值及平衡持份者利益之基礎。我們因此承諾會維持最高水平之企業管治。

有關我們企業管治常規的概要，請參閱我們的年報及本公司網站。

遵守企業管治守則(「企業管治守則」)

截至2018年9月30日止6個月及直至本中期報告日期，除未能遵守其中一項守則條文，本公司已遵守企業管治守則內所有守則條文。就於企業管治守則之條文中的唯一偏差，即郭少明博士現身兼本公司主席及行政總裁兩職，主席及行政總裁各自的職責已清楚載於主席及行政總裁職權範圍內。郭博士，作為本集團之創辦人，對我們的業務擁有卓越的知識及為零售界之翹楚。因此，董事會認為由同一人身兼公司主席及行政總裁兩職，有利執行本集團的商業策略和發揮其最高營運效益，惟董事會會不時檢討此架構，並於適當時候，考慮將兩職分開。

Work done in the six months ended 30 September 2018

Set out below is a summary of the work performed by the Company's Board and Board committees in the six months ended 30 September 2018.

Board

Three meetings were held in the period, during which the challenges and risks facing the Group in a fast changing market environment and corresponding strategies and execution plans were considered by the Board. The Board also attended to the following specific matters (among others):

- Received and considered reports from the respective chairpersons of the different board committees.
- Approved the grant of share options to all non-executive directors of the Company.
- Approved the increase in annual fee of the chairman of the Audit Committee from HK\$100,000 to HK\$150,000.
- Considered and approved the budget for the financial year ending 31 March 2019.
- Approved the annual results for the year ended 31 March 2018, reviewing both the results of the Group and the individual results and performance of each business unit, and the reasons for achieving or not achieving budget.
- Considered the proposal for the payment of the final and special dividends for the year ended 31 March 2018, and the scrip dividend alternative.

2018年9月30日止6個月內之工作回顧

以下載列本公司董事會及董事委員會於截至2018年9月30日止6個月的工作摘要。

董事會

於期內已舉行三次會議，董事會已於會上討論本集團於急速轉變之市場環境中所面對之挑戰及風險及相對應之策略及需執行之計劃。董事會亦有於會上討論下列事項，其中包括：

- 接收及考慮由不同董事委員會主席的報告。
- 批准向公司所有非執行董事授予購股權。
- 批准審核委員會主席的年度袍金由100,000港元增加至150,000港元。
- 考慮及批准截至2019年3月31日止財政年度之預算。
- 批准截至2018年3月31日止年度之全年業績，包括審議本集團及個別部門之業績及表現，以及是否能達到預算之原因。
- 考慮截至2018年3月31日止年度派發末期及特別股息，及以股代息選擇的建議。

Work done in the six months ended 30 September 2018 (continued)

Board (continued)

- Approved the content of various corporate communications to shareholders, including results announcement, annual report and circulars on the annual general meeting, buyback mandate and scrip dividend.
- Approved the re-appointment of Ms KI Man Fung Leonie as independent non-executive director and the re-election of Dr KWOK Siu Ming Simon, Dr KWOK LAW Kwai Chun Eleanor and Ms KI Man Fung Leonie as directors at the annual general meeting held on 3 September 2018.
- Quarterly results for the third quarter ended 31 December 2017 and first quarter ended 30 June 2018.
- Received updates from different business units, updates on investor relations and updates on Environmental, Social and Governance initiatives.
- Received directors' training on Cyber Security.

2018年9月30日止6個月內之工作回顧(續)

董事會(續)

- 批准多項與股東溝通之公司文件，如業績公告、年報及股東週年大會通函、購買股份授權及以股代息計劃。
- 批准重新委任紀文鳳小姐為獨立非執行董事，及郭少明博士、郭羅桂珍博士及紀文鳳小姐於2018年9月3日舉行之股東週年大會上重選。
- 截至2017年12月31日止之第三季度業績及截至2018年6月30日止之第一季度業績。
- 接收不同業務部門、投資者關係及環境、社會及管治事宜的最新資料。
- 聽取有關網絡安全的董事培訓。

Work done in the six months ended 30 September 2018 (continued)

Audit Committee

Three meetings were held in the period, during which the following matters (among others) were considered by the Audit Committee:

- Report from the external auditor.
- Final results for the year ended 31 March 2018 reviewing both the results of the Group and the individual results and performance of each business unit.
- Proposal for the payment of the final and special dividends.
- Summary of audit and non-audit services provided by the external auditor.
- Reports from the internal audit function.
- Members of the Audit Committee held one private meeting with the external auditor during the period.

Remuneration Committee

One meeting was held in the period during which the following matters (among others) were considered by the Remuneration Committee:

- The directors and senior management's remuneration package proposals for the financial year ending 31 March 2019.
- The grant of shares options to all non-executive directors of the Company.
- The increase in annual fee payable to the chairman of the Audit Committee from HK\$100,000 to HK\$150,000.

2018年9月30日止6個月內之工作回顧(續)

審核委員會

於期內已舉行三次會議。審核委員會於會上討論了下列事項：

- 外聘核數師之報告。
- 截至2018年3月31日止年度之全年業績，當中包括審議本集團及個別部門之業績及表現。
- 派發末期及特別股息之建議。
- 外聘核數師提供有關審計及非審計之服務摘要。
- 內部審核職能提交的報告。
- 審核委員會與外聘核數師於期內私下舉行一次會議。

薪酬委員會

於期內已舉行一次會議。薪酬委員會於會上討論了下列事項：

- 考慮董事及高級管理層截至2019年3月31日年度的薪酬建議。
- 向所有公司的非執行董事授予購股權。
- 審核委員會主席的年度袍金由100,000港元增加至150,000港元。

Work done in the six months ended 30 September 2018 (continued)

Nomination Committee

One meeting was held in the period during which the following matters (among others) were considered by the Nomination Committee:

- The structure, size and composition of the Board.
- The continued independence of each independent non-executive director.
- The re-appointment of Ms Kl Man Fung Leonie as independent non-executive director.

Executive Committee

Four meetings were held in the period during which the following matters (among others) were considered by the Executive Committee:

- The results and performance of the Group and each business unit, including their respective performances against the market as a whole and against budget.
- The reasons for such under or over performance against the market/budget and developed plans and strategies to adapt to market circumstances.

Risk Management Committee

Four meetings were held in the period during which the following matters (among others) were considered by the Risk Management Committee:

- The top ten enterprise risks, including red flags, areas requiring improvements, mitigation plans and progress of implementation.

2018年9月30日止6個月內之工作回顧(續)

提名委員會

於期內已舉行一次會議。提名委員會於會上討論了下列事項：

- 董事會的架構、人數及組成。
- 評估獨立非執行董事的持續獨立性。
- 重新委任紀文鳳小姐為獨立非執行董事。

行政委員會

於期內已舉行四次會議。行政委員會於會上討論了下列事項：

- 本集團及個別部門之業績及表現，當中包括於市場相比及預算相比之表現。
- 有關未能達標或超越標準之原因及相關之計劃及策略。

風險管理委員會

於期內已舉行四次會議。風險管理委員會於會上討論了下列事項：

- 十大企業風險，當中包括警報、可改進地方、緩解計劃及實施進度。

Board, Board Committee and Annual General Meeting Attendance

The attendance of the directors at the board and board committee meetings held in the six months ended 30 September 2018, and at the AGM held on 3 September 2018 are as follows:

董事會、董事委員會及股東週年大會的出席情況

董事會會議、董事委員會會議於截至2018年9月30日止6個月及於2018年9月3日舉行之股東週年大會的董事出席記錄如下：

Directors 董事	Board 董事會	Audit Committee 審核委員會	Remuneration Committee 薪酬委員會	Nomination Committee 提名委員會	Executive Committee 行政委員會	Risk Management Committee 風險管理委員會	Annual General Meeting 股東週年大會
Executive Directors 執行董事							
Dr KWOK Siu Ming Simon 郭少明博士	3/3	3/3*	1/1*	1/1*	4/4	4/4	1/1
Dr KWOK LAW Kwai Chun Eleanor 郭羅桂珍博士	3/3	3/3*	1/1	1/1	3/4	2/4	1/1
Dr LOOK Guy 陸楷博士	3/3	3/3*	N/A 不適用	N/A 不適用	3/4	4/4	1/1
Non-executive Director 非執行董事							
Ms LEE Yun Chun Marie-Christine 利蘿珍小姐	3/3	3/3*	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用	1/1
Independent Non-executive Directors 獨立非執行董事							
Ms TAM Wai Chu Maria 譚惠珠小姐	3/3	3/3	1/1	1/1	N/A 不適用	N/A 不適用	1/1
Ms KI Man Fung Leonie 紀文鳳小姐	3/3	3/3	1/1	1/1	N/A 不適用	N/A 不適用	1/1
Mr TAN Wee Seng 陳偉成先生	3/3	3/3	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用	1/1
Total number of meetings 會議總數	3	3	1	1	4	4	1
Average attendance rate of directors ^Δ 董事的平均出席率 ^Δ	100%	100%	100%	100%	83.3%	83.3%	100%

Notes:

Attendance is expressed as the number of meetings attended out of the number of meetings held.

Those marked with an (*) Attended as an invitee only.

(Δ) Average attendance rate is calculated without the invitees.

附註：

出席紀錄為舉行之會議數目中所出席的會議數目。

標有

(*) 者僅以受邀者身份出席。

(Δ) 平均出席率並沒有計算受邀出席者。

Compliance with the Model Code

We have adopted our own written policy regarding securities transactions by directors and certain employees on terms no less exacting than the standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers as specified in Appendix 10 of the Listing Rules (Model Code). We have received confirmation from all directors and relevant employees that they have complied with the policy throughout the period under review.

Changes in Director's Particulars

- Dr LOOK Guy ceased to be a member of the Energy Advisory Committee of the Government of the HKSAR on 14 July 2018 and a member of the Financial Reporting Review Panel on 15 July 2018.

Risk Management and Internal Controls

The Board is accountable for overseeing the Group's risk management and internal control systems and reviewing its effectiveness on an ongoing basis, while the management and other personnel are responsible for implementing and maintaining a robust system of internal controls that covers governance, compliance, risk management, financial as well as operational controls. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, and not absolute assurance of the following:

- compliance with applicable laws, regulations, contracts, policies and procedures
- appropriateness and effectiveness of risk management and internal control systems

遵守標準守則

我們已採納有關董事及若干僱員進行證券交易的書面政策，其條款不遜於上市規則附錄十所載列的上市發行人董事進行證券交易的標準守則(標準守則)所規定的標準。我們已接獲全體董事及所有有關僱員確認他們於回顧期間內一直遵守該政策。

董事詳情變動

- 陸楷博士於2018年7月14日退任香港特別行政區能源諮詢委員會成員及於2018年7月15日退任財務匯報檢討委員會團成員。

風險管理及內部監控

董事會負責持續地監察集團的風險管理及內部監控制度，以及檢討其有效性，而管理層及其他職員則負責實施及維持穩健的內部監控制度，該制度涵蓋管治、合規、風險管理、財務及經營監控。該制度旨在管理而非消除未能實現業務目標的風險，而且只能就下列各項作出合理而非絕對的保證：

- 遵守適用的法律、法規、合約、政策及程序
- 風險管理及內部監控制度的合適性及成效

Risk Management and Internal Controls (continued)

- reliability and integrity of financial reporting
- effectiveness and efficiency of operations
- prevention and detection of fraud and irregularities

The Board has delegated to the Risk Management Committee the overall responsibility for leading the management in the establishment and maintenance of an appropriate and effective risk management and internal control systems.

Governance and Ethical Business Practice

The Group has established and enforced ethical business practice and demonstrated commitment to effective governance, setting the right tone at the top for internal controls. A whistleblowing system is in place which facilitates and encourages reporting in good faith of any suspected improprieties or wrongdoings without fear of reprisal. In addition, conflicts of interest policy and gifts and entertainment policy are in place to provide employees with proper guidelines as well as mechanism for declaration. In order to enable the Group to evaluate and manage fraud risks in a more systematic and proactive approach, fraud risk assessment is incorporated as an integral part of the Group's risk management structure to continuously manage and mitigate fraud risks. To proactively protect against fraud, we have also introduced a set of fraud monitoring indicators for regions or business units with high fraud vulnerability. We believe that ethical business practice fosters employee morale, boosts brand reputation, encourages loyalty in customers and employees, and improves our bottom line.

風險管理及內部監控(續)

- 財務匯報的可靠性及真實性
- 營運的效益及效率
- 防止及查察欺詐及違規事項

董事會已委派風險管理委員會就風險管理及內部監控向管理層提供領導，並全面地負責建立和維持合適及有效的風險管理和內部監控系統。

管治及商業道德操守

集團已建立及貫徹執行其商業道德操守並致力於有效的企業管治，此乃高層就內部監控訂定的基調。集團已制訂一套舉報機制，促進及鼓勵員工誠實舉報任何涉嫌不當或不法行為，而不必害怕遭到報復。除了舉報政策外，我們亦制訂利益衝突政策和接受饋贈政策，向僱員提供適當指引以及申報機制。為使集團以更有系統及更主動的方式評估及管理欺詐風險，此等風險評估已包括在集團風險管理架構內，以確保欺詐風險得到持續的管理及有效的緩解。為了積極防範欺詐，我們亦為較易出現欺詐行為的地區及業務單位訂立一套欺詐監控指標。我們相信，合乎道德操守的商業行為能增強員工士氣、提高品牌聲譽、增加顧客與員工的忠誠度及提高我們的利潤。

Governance and Ethical Business Practice (continued)

Ethics standards and requirements are clearly stipulated in our Company employee handbook on ethics to inculcate and promote ethical and risk awareness culture throughout the Group and as part of the fraud mitigation program. Induction training sessions on key corporate policies, laws and regulations, risk management and internal controls are provided to new employees. In the meantime, such culture is refreshed with existing employees from time to time by internal and external workshops on relevant new policies and regulatory requirements as the Group requires them to observe high standards of business and personal ethics in the conduct of their duties and responsibilities.

Risk Management Framework and Management of Key Risks

The Group's Enterprise Risk Management ("ERM") framework provides a systematic and disciplined approach to risk management process, which is embedded in the internal control systems as an integral part of corporate governance. The ERM framework helps sustain business success, creates value for stakeholders and supports the Board in discharging its corporate governance responsibilities by proactively identifying, addressing and managing key risks within the Group. The ERM framework is aligned with the Committee of the Sponsoring Organizations of the Treadway Commission ("COSO") Internal Control Integrated Framework in which line management as risk owners takes direct risk management responsibilities and reports to the Risk Management Committee ("RMC").

管治及商業道德操守(續)

為了在集團內灌輸及推廣道德和風險意識文化，本集團已將有關道德守則及要求清晰地列明於員工手冊中，作為欺詐緩解方案的一部份。另外，本集團在新員工入職培訓中已加入重點企業政策、風險管理和內部監控等課題。與此同時，本集團亦不時透過內部及外間所舉辦的工作坊以提醒現有員工在執行他們的業務及責任時須保持高度的商業及個人道德。

風險管理框架及主要風險管理

集團的企業風險管理框架為風險管理提供系統化及規範化的程序，而有關程序已內嵌於內部監控制度，是企業管治中不可或缺的重要一環。透過企業風險管理框架前瞻性地識別、應對及管理集團內主要風險來保持業務成功，為持份者創造價值及支援董事會履行其企業管治責任。企業風險管理框架符合Committee of the Sponsoring Organizations of the Treadway Commission (COSO)的內部監控綜合框架 (Internal Control Integrated Framework)，在企業風險管理框架下，部門管理人員作為風險負責人須直接承擔風險管理責任並向風險管理委員會匯報。

Risk Management Framework and Management of Key Risks (continued)

Our Company's 2017/18 Annual Report disclosed that online threats and opportunities, product competitiveness, cybersecurity and personal data privacy, talent acquisition, staff retention and training, Mainland China business prospect, ethical business practices and third-party risks are the key risks that the Group is facing and managing. On top of these risks, we have noted more intense regulatory oversight and requirement on specific areas such as labor law compliance, as well as rising customer awareness and expectation on product safety, quality and environmental protection which demand our regulatory and compliance monitoring mechanism, as a key part of the wider ERM framework, to be more comprehensive and responsive. In order to identify the risks and minimise the possibility of compliance assurance being compromised, the Group already engaged key internal and external stakeholders to derive a list of issues with materiality classified and has been enhancing the monitoring system by cooperating and working closely with green groups and internal stakeholders to gradually introduce more automated tools and systems to supplement the current manual processes in this area.

Details of the ERM System and process were set out in the Enterprise Risk Management Report on pages 142 to 148 of the Company's 2017/18 Annual Report.

Quality Management System

The Group has been refining and formalising retail and e-commerce operational policies, procedures and working instructions which are benchmarked against the International Organization for Standardization ("ISO") based Quality Management System ("QMS"), currently the latest ISO 9001:2015 version, to standardise workflows and documentation. QMS captures organisational knowledge and enhances operational effectiveness, efficiency and control processes in achieving business goals. QMS also enables scalability in accommodating business growth, mitigating operational risks and drives continual improvement.

風險管理框架及主要風險管理 (續)

本集團在2017/18年度年報中，披露了關於集團所面對和正在處理的主要風險，包括網上的挑戰及機遇、產品競爭力、網絡安全和個人資料私隱、挽留員工及培訓、中國內地業務前景，商業道德操守和第三方風險。除以上風險外，我們注意到監管機構正不斷收緊與產品及營運相關的監管和要求；例如：勞工法規。同時監管機構及消費者對於產品安全，質量及環境保護方面的關注與期望亦不斷提升，促使本集團需維持一個更全面及能迅速作出回應的法規及合規性監控機制。本集團已透過諮詢內部及外部主要持份者對重要議題的意見而總結出一份主要議題清單，並與多個相關環保組織及內部持份者緊密合作，逐步將監控系統電子化以取代現時人手操作之流程，以識別及減低法規及合規性方面的風險。

有關企業風險管理制度及程序的詳情載於本集團2017/18年度年報的第142頁至第148頁的企業風險管理報告內。

優質管理制度

本集團根據國際標準化組織(「ISO」)的優質管理體系(「QMS」)標準，即最新版的ISO 9001：2015，修訂並完善有關零售和電子商貿營運的政策、程序及工作指引，使工作流程及文件處理按標準運作。作為集團其中一個重要的知識庫，此優質管理體系能提升經營成效、效率及監控程序以達致業務目標，並在實現業務增長、減低營運風險及推動持續改善的同時發揮規模擴展能力。

Quality Management System (continued)

The below table summarizes all the ISO certified departments, which have been upgraded to ISO 9001:2015 version, as at 30 September 2018:

Company 公司	Department 部門	ISO version/ Audit nature 審核性質	Audit scope 審核範疇	Pass audit date 審核通過日期
Sa Sa dot Com Limited	Whole unit 整體	ISO 9001:2015 Surveillance audit ISO 9001:2015監督審核	Provision of E-commerce Services for Cosmetic Products 提供化粧品電子商貿服務	May 2018 2018年5月
Sa Sa Cosmetic Company Limited	Logistics 儲運部	ISO 9001:2015 Surveillance audit ISO 9001:2015監督審核	Provision of Logistic Services including Warehousing, Packaging and Local Distribution of Cosmetic Products and its Accessory Materials 提供物流服務，包括倉存、包裝及 本地配送之化粧品產品及其配件物料	February 2018 2018年2月
Sa Sa Cosmetic Company Limited	Category Management & Product Development, Marketing 品牌管理及產品發展部， 市務部	ISO 9001:2015 Renewal audit ISO 9001:2015續証審核	Category Management, Products Purchasing and Promotion for Cosmetic, Health, Personal Care Products and its Accessories 美容、健康、個人護理產品及 其配件的品牌管理、採購及推廣活動	August 2018 2018年8月

The Group is fully committed to quality management and will continue taking steps to attain ISO certification for other major business units and creating, revising and enhancing policies and procedures for offices in non-Hong Kong markets by applying ISO standard. During the period, the Group engaged an external consultant to carry out an information security risk assessment and control review project for our Information Technology Departments and we strive to attain ISO 27001 certification in the next financial year.

優質管理制度(續)

截至2018年9月30日止，所有取得ISO 9001：2015證書的部門列於下表：

集團致力推行優質管理，將逐步為其他主要業務單位取得ISO證書，並同時採納ISO準則為香港以外地區的業務單位制定、修訂及改善相關政策與程序。於本期內，集團委聘了顧問為我們的資訊科技部門進行資訊保安風險評估及檢視現時的內部控制成效，我們致力於下一個財政年度取得ISO 27001認證。

Internal Audit Function

The Internal Audit and Management Services (“IAMS”) Department is an independent and objective function that reports directly to the Audit Committee on a quarterly basis and the Director of IAMS Department has direct access to the Chairman of the Audit Committee.

The IAMS Department has unfettered access to reviewing all aspects of the Group’s activities, risk management, control and corporate governance processes and assists the Board to independently assess the effectiveness of the internal control systems and risk management process and to seek continuous improvement. The Internal Audit Charter, approved by the Audit Committee and adopted by the Board, is available on the Company’s website.

To accommodate and better support the sustained business growth, the IAMS Department continuously enhances its competency by developing expert teams within the department and by encouraging the team leaders to attend relevant external workshops or seminars in order to keep abreast of the latest developments. Regular internal trainings are held to promote knowledge sharing within the IAMS Department.

Internal Audit Activities

The IAMS Department adopts a risk-management based approach in developing the annual and revised quarterly audit plans that align to the enterprise risk management framework. Audit activities are identified, prioritised and scoped based on risk assessment, which is a dynamic and continuous practice, to cover business activities with material risks across the Group. The Audit Committee reviews and approves the annual audit plan and all major subsequent changes made in the regular meetings. Significant financial, operational, compliance and fraud risk areas are further assessed during individual audit engagement to evaluate control effectiveness and mitigation measures taken by management.

內部審核職能

內部審核及管理服務部(「內審部」)是一個客觀及職能獨立的部門，每季直接向審核委員會匯報，而內審部總監亦可直接與審核委員會主席接觸。

內審部可不受約束地審閱集團的活動、風險管理、監控及企業管治過程等各方面的資料，協助董事會獨立評核內部監控制度及風險管理程序的成效，以致力推動持續的改善。內部審核章程獲審核委員會批准及由董事會採納，並登載於公司網站以供查閱。

為配合並更有效地支持業務的持續增長，內審部不斷提升其能力。為此內審部特別建立若干專業小組，並鼓勵各組長參加相關範疇的外部工作坊或研討會以緊貼行業的最新發展。內審部定期舉行內部培訓，促進部門人員的知識分享。

內部審核活動

內審部採納風險管理為基礎方法，配合企業風險管理框架，以制定年度及修訂季度審核計劃。內審部對集團中有重大風險的業務活動，進行動態及持續的風險評估，繼而識別、排序及區劃個別審核項目。審核委員會審閱及批准年度審核計劃，並在定期會議內審批其後作出的一切重大變動。在每個審核項目中會進一步評估財務、營運、合規及欺詐風險等重點範疇，從而評核監控成效及管理層所採取的緩解措施。

Internal Audit Activities (continued)

All findings and recommendations on internal control deficiencies for each audit engagement are communicated to management who are required to establish remedial plans to correct those internal control deficiencies within a reasonable time period. Post-audit reviews are performed quarterly to monitor those agreed action plans and to ensure that corrective measures of previously identified internal control deficiencies have been implemented as intended and on a timely basis. Significant deficiencies of individual engagement are reported to and reviewed by the Audit Committee.

To further strengthen the overall control environment, the IAMS Department performs continuous auditing on selected key operational processes to evaluate and ensure the adequacy and effectiveness of management's monitoring of those areas. This process also enhances audit efficiency and effectiveness for continuous monitoring of internal control deficiencies and fraud risks.

Review of Risk Management and Internal Control Effectiveness

Through the Audit Committee, the Board has conducted reviews of the effectiveness of the Group's risk management and internal control systems for the six months ended 30 September 2018, covering all material financial, operational and compliance controls, and it has considered the Group's risk management and internal control system to be effective and adequate. There were no suspected material irregularities found or significant areas of concern identified during the period that might affect Shareholders.

內部審核活動(續)

各審核項目所得出有關內部監控不足的調查發現及建議，均與管理層詳細討論，並由管理層制訂改善計劃，務求於合理時間內改善內部監控的不足。內審部每季會進行審核後的檢視工作，以監督協定的行動計劃，確保已就早前識別的內部監控不足，按計劃適時展開改善措施。個別審核項目的重大不足會向審核委員會匯報及由其審閱。

為了進一步鞏固整體內部監控環境，內審部挑選主要的營運程序進行持續審核，以評估及確保管理層於這些範疇的監控職能充分和有效。此舉亦提高審核的效率和成效，確保內部監控失效和欺詐風險能受到持續監控。

審閱風險管理及內部監控的成效

截至2018年9月30日止的六個月，董事會已透過審核委員會就集團風險管理及內部監控制度的成效作檢討，其涵蓋所有重大財務、經營及合規監控，並認為集團的風險管理及內部監控制度有效及完善。於本期內，並無發現可能對股東造成影響的涉嫌重大違規情況或重大關注事項。