



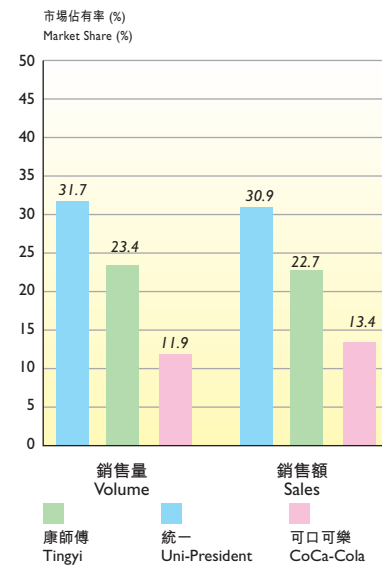
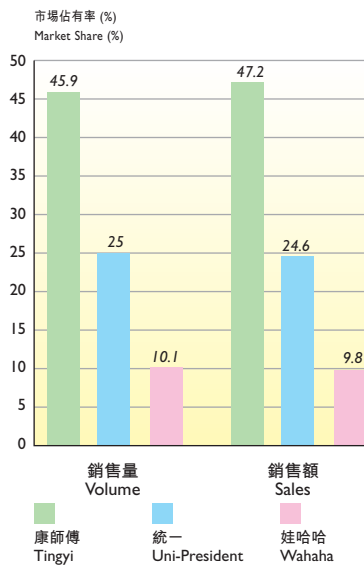
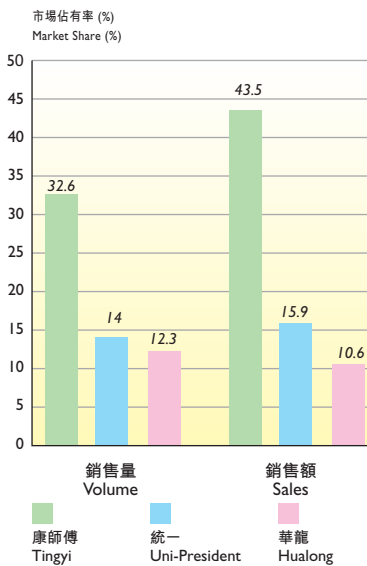
業務回顧 Business Review

二零零三年度中國雖然發生非典型肺炎事件及水災肆虐，但國民生產總值(GDP)持續成長，較去年上升9.1%，加上中國政府於二零零三年三月通過新的農村土地合同法，除令消費群體擴大外，同時亦刺激由低到中高檔消費品的需求，於二零零三年，中國的社會消費品零售總額亦較去年增長9.1%。

Although there were the SARS outbreak and floods in the PRC in 2003, the PRC's gross domestic products (GDP) in the year 2003 still achieved a growth of 9.1%. In addition, the Rural Land Contracting Law effected in March 2003 by the PRC government could widen consumer base and stimulate consumption demand growth for low to mid-high end consumer products. The total amount for retail market in the PRC in 2003 also increased by 9.1% from the previous year.

回顧本集團於二零零三年的總營業額為12.607億美元，較去年同期上升14.6%、方便麵、飲品及糕餅的營業額分別較去年同期上升22.9%、6%及-15.9%；而於第四季本集團的整體銷售較去年同期上升33%，達306,943千美元，主要來自於方便麵及飲品的銷售，分別成長30.2%及92.4%至220,387千美元及59,459千美元。

In 2003, the Group's turnover was US\$1,260.7 million, an increase of 14.6% over 2002. The growth rates for turnover of instant noodle, beverage and bakery were 22.9%, 6.0% and -15.9% respectively. In the fourth quarter, the Group's turnover was US\$306.943 million, 33.0% higher than the same period last year. The increase was mainly from the growth in sales by 30.2% to US\$220.387 million in instant noodle business and 92.4% to US\$59.459 million in beverage business.



資料來源： AC Nielsen零售研究報告 二零零三年十二月份 / 二零零四年一月份
Sources: AC Nielsen SCAN TRACK EXPRESS ~ December 2003/ January 2004.



年內，主要原材料價格暴漲，棕櫚油、PET膠粒之漲幅分別為15%及20%以上，至第四季麵粉亦較前三季上升15%，導致本集團全年的整體毛利率下降6.0百分點至27.9%；其他淨收入達18,792千美元，較去年同期下跌35.5%；分銷成本較去年增加17.3%至248,318千美元，主要來自廣告及宣傳活動開支的上升，本集團認為廣告及宣傳的花費是對「康師傅」品牌的長期投資，目的在鞏固品牌力度及本集團產品之市場地位；財務費用較去年下降21.6%至20,757千美元，主要是由於利率下調所致；扣除利息、稅項、折舊及攤銷前盈利(EBITDA)為139.803千美元，較去年下降26.5%；期內股東應佔溢利為35,816千美元，每股盈利0.64美仙，較去年下降60.6%。

During the year, the prices for the Group's core materials, such as palm oil and PET plastic materials have increased by more than 15% and 20% respectively. In the fourth quarter, flour price also increased by 15% when compared to the price in the first three quarters. As a result, the Group's gross margin declined by 6.01pp to 27.9%. Other net income was US\$18.792 million, decreased by 35.5% from 2002. Distribution costs rose by 17.3% to US\$248.318 million mainly due to the increase in expenses for the advertising and promotion activities. The expenditure in advertising and promotion is an essential and long-term investment for the brand of Master Kong to establish and strengthen the Group's market position. Due to the lower interest rate, the Group's finance cost decreased by 21.6% to US\$20.757 million. Earnings before interest, tax, depreciation and amortisation (EBITDA) was US\$139.803 million, dropped by 26.5%. The profit attributable to shareholders for the year 2003 was US\$35.816 million, representing earnings per share of US0.64 cents and a decline by 60.6% from previous year.

方便麵業務

二零零三年對方便麵事業來說，是危中見機的一年，從生產方面看，方便麵主要原材料棕櫚油價格全年維持於高位，較二零零二年之平均採購價上升15%以上；至第四季麵粉價格亦較前三季上升15%，直接對毛利構成重大擠壓。然而，從銷售方面看，第二季非典型肺炎肆虐期間，由於消費者減少出外活動及進食，因而對方便麵的需求大大增加，導致本集團於淡季仍然錄得極亮麗的銷售佳績。至第四季麵粉供應緊張，部份小型工廠更因此而需要於旺季停產，慶幸本集團有良好的採購制度，令期內生產正常，加上靈活的市場策略，以及杭州、廣州、武漢及台灣廠的擴產，石河子、昆明二廠的投產，造就方便麵全年的銷售額較去年上升22.9%至783,441千美元，佔本集團總營業額的62.1%，成長主要來自高價碗麵及低價袋麵，高價袋麵的升幅則較為遜色，這也是中國整體方便麵市場的趨勢。

Instant Noodle Business

The Group's instant noodle business faced both chances and challenges during the year. In production side, price for palm oil, which is the core material of instant noodle, maintained at a high level for the whole year, more than 15% increase when compared to average purchase price in 2002. In the fourth quarter, flour price increased by 15% when compared to the first three quarters. Those price fluctuations significantly squeezed the gross margin. In sales side, during the SARS outbreak in the second quarter, less outdoor activities and consumption in restaurant led to sharp increase in the demand for instant noodle. As a result, the sales for the Group's instant noodle had an excellent performance during the low season. In the fourth quarter, due to the shortage of flour supply, some small instant noodle factories had to terminate their operation during high season. Thanks for the good purchasing system of the Group, the operation for the Group's instant noodle business maintained uninterrupted. Coupled with the flexible marketing strategy, expansion in production capacity of the factories in Hangzhou, Guangzhou, Wuhan and Taiwan and the commencement of production by the factories in Shiheji and Kunming, sales for the Group's instant noodle for the year reached US\$783.441 million, a 22.9% higher than 2002 and amounted to 62.1% of Group's turnover. The growth was mainly from both sales for high-end bowl noodles and low-end packet noodles. The sales growth for high-end packet noodles would be slowdown. This trend is same as the development of the PRC instant noodle market.



目前中國人均消耗方便麵為十六包，相較日本、台灣的四十包以上，尚有巨大的發展空間，康師傅於中高價方便麵市場已奠定較穩固的市場地位；為進一步加強本集團於佔有中國方便麵市場72%的低價麵市場的競爭力及發展潛力，於二零零三年十二月與產銷低價麵為主的河北中旺集團協議成立「河北三太子實業有限公司」，本集團出資人民幣二億五千萬美元並佔合資公司的50%股權，此合作主要是要借助中旺集團對低價麵市場運作的經驗、於農村城鎮的銷售渠道以及對農村消費者心態的掌握等強項。相信透過這強強聯手，將可達到雙贏局面，並進一步鞏固本集團於中國方便麵市場的領導地位。

年內除於原系列產品上增加多種新口味外，並推出「隨心杯」杯麵及拌麵系列，均廣受消費者歡迎，據AC Nielsen二零零三年十二月 / 二零零四年一月的報告指出，康師傅方便麵於銷售量與銷售額的市場佔有率分別為32.6%及43.5%，去年同期為27.8%及39.6%。此外，據AC Nielsen二零零三年十二月報告所得，康師傅方便麵於進入台灣市場才一年，已取得台灣方便麵市場17%的市場佔有率。

方便麵業務全年的毛利率較去年下跌5.1百分點至21.2%，主要是因為原材料價格上升，新投產的工廠未達規模經濟效益、低毛利低價袋麵的升幅大於高毛利的中高價方便麵之升幅，以及容器麵更換包裝材料所致。方便麵業務之股東應佔溢利為45,093千美元，較去年下跌34.2%，主要是由於毛利下跌及廣告宣傳費用增加所致。

The PRC instant noodle market still has a huge potential to develop since on a per capita basis, the consumption in Japan and Taiwan was more than 40 packs and the PRC consumers only consumed 16 packs per year. Master Kong has a strong market position in high-end instant noodle market at present. To further enhance the Group's market share in the low-end noodle market which represents 72% of the total PRC instant noodle market, in December 2003, the Group entered into the agreement with Hebei ZhongWang Group which is mainly producing low-end instant noodles and would establish a joint venture company called The Third Prince (Santazi) Company Limited Hebei. The Group would invest Rmb250 million and will own 50% interest of the joint venture company. The Group will make use of ZhongWang's advantage such as its experience in low-end noodle market operation, sales network around rural farmers market and the knowledge in rural consumers behaviour. It will generate benefits for both parties when these two strong players joined together and also may further strengthen the Group's leader position in the total PRC instant noodle market.

During the year, the Group has launched different new flavours under existing series. Mini Cup noodles and Fried noodle series all were welcome in the market. According to AC Nielsen, for the period of December 2003 to January 2004, the Group gained 32.6% market share by volume and 43.5% market share by sales value in the PRC instant noodle market, market shares in the last corresponding period were 27.8% by volume and 39.6% by sales value. In addition, according to AC Nielsen, in December 2003, based on volume, Master Kong has gained 17% market share in Taiwan instant noodle market after entered into the market for one year.

During the fiscal year 2003, the gross margin of instant noodle dropped by 5.1pp to 21.2%. The decline was mainly because (1) the price of raw materials increased; (2) new factories have not achieved the economies of scale; (3) the growth from the low-margin low-end noodle was bigger than the growth from the higher margin mid-to-high-end noodle and (4) the bowl noodle package was changed. Profit attributable to shareholders for instant noodle business was US\$45.093 million, dropped by 34.2% mainly because of the decline in gross profit and the increase in advertising and promotion expenses.

Beverage Business

飲品業務



飲品業務

因應飲品市場快速的成長，本集團於年內新增的二十七條PET飲品生產線安排於第二及第三季分批投產，以應付旺季的需求，但因非典型肺炎、涼夏及水災接踵而來，令以戶外消費為主體的飲品銷售大受影響，加上主要原材料PET粒子的價格暴升，令本集團的飲品事業內外受壓，經營環境非常艱困。然而，本集團於華東及華南地區的營運仍保持不錯的成長，並進一步提升康師傅飲品在這些區域的市場地位。為持續品牌的經營，於非典型肺炎期間本集團仍保留大部份的廣告安排，藉前期廣告投資累積的品牌宣傳效益，並透過包裝延伸，如家庭裝果汁的推出，以及熱飲策略的成功，雖步入飲品傳統淡季的第四季，銷售額仍較去年同期大幅上升92.4%至59,459千美元，惟無法彌補第二、三季的落差，致全年銷售額僅微升6.0%至379,112千美元，佔本集團總營業額的30.0%。年內，除針對消費者健康意識的增強，加強果汁、綠茶和無糖茶飲品等健康利益點的溝通外；更針對旗艦產品康師傅冰紅茶、綠茶及果汁明星產品鮮の每日C果汁系列，持續以廣告與促銷的投資，展開產品主題性消費者促銷及大型音樂事件行銷活動，

Beverage Business

In view of the fast growing beverage market and to ensure enough supply during high seasons, the Group has added 27 new production lines for PET drinks and those lines have commenced production within the second and third quarters. Unfortunately, the outbreak of SARS, cooler summer and the floods had significantly affected the sales of package drinks which are mainly consumed in outdoor. In addition, the price for PET plastic materials has increased sharply. The Group's beverage business experienced a very difficult year. However, the Group's beverage products have good sales in the south-eastern and southern part of the PRC and further extended the market share in these two areas. During the outbreak of SARS, the Group maintained most of the advertising plan. Because of this accumulated investment in brand, the successful strategy of "New Package Line Extension" such as the launch of family size juice drinks and "Hot Drinks", beverages sales have a significant growth of 92.4% to US\$59.459 million during the low season in the fourth quarter. Nevertheless, the good sales in the fourth quarter could not cover the falls during the high season in the second and third quarters so that the sales for the year only increased slightly by 6.0% to US\$379.112 million when compared to 2002 and amounted to 30.0% of the Group's total turnover. As consumers take more care of their health than before, the Group has highlighted the concepts of health for juice, green tea and non-sugar tea drinks. To achieve the goal of enhancing the image for the leader brand and consumer favorite in Master Kong beverage and then to further increase both the sales and market share,



以強化領導品牌形象及提高消費者喜好度，並進一步擴大銷售及市場佔有率。據AC Nielsen二零零三年十二月／二零零四年一月調查結果顯示，「康師傅」茶飲品於中國即飲茶市場於銷售量及銷售額之佔有率分別為45.9%及47.2%，居市場第一位；而果汁飲品於稀釋果汁市場於銷售量及銷售額之佔有率分別為23.4%及22.7%，居市場第二位。

期內推出的新產品包括水晶葡萄果汁、無糖綠茶優健美及礦物質水，冷藏飲品系列方面，年內推出的乳酸飲品「優酪乳」快速被消費者接受，與100%每日C鮮果汁於大上海區已成為家傳戶曉的高質健康飲品。

二零零三年飲品的毛利率為40.7%，較去年同期下降5.2百分點，主要是原材料膠粒價格，於年內上升20-40%，生產設備未被充分利用以及市場競爭激烈，產品價格下調所致。飲品業務之股東應佔溢利為6,892千美元，較同期下跌85.0%，溢利大幅下跌主要是由於銷售未如理想，毛利下降以及廣告宣傳費用增加所致。

為進一步加強本集團於快速成長的中國飲品市場長遠的經營實力，於二零零三年十二月二十七日由朝日及伊藤忠合組的AI Beverage簽訂協議，本集團將轉讓飲品業務49.995%股權予AI Beverage。以共同經營此一巨大，快速成長且又非常競爭激烈的市場。透過此交易本集團可借助各合作夥伴的專業技術及實力，顯著提高本集團於產品開發、製造、原料採購及整體業務管理之競爭力，為本集團於中國飲品市場的長遠發展注入強心針。

the Group has maintained the investment in advertisement and promotion for the Group's core beverage "Master Kong Iced Tea", "Master Kong Green Tea" and "Fresh Daily C" juice drink series through "Thematic Consumer Promotion" and "Major Musical Event Campaign". According to AC Nielsen, for the period of December 2003 to January 2004, the sales volume and value of Master Kong tea drinks gained a share of 45.9% and 47.2% in the PRC RTD tea market respectively, being the leader brand in the market. The market share of the diluted juice drinks was 23.4% by sales volume and 22.7% by sales value, being the second leading one in the market.

During the period, the Group launched juice drinks with white grape flavour, "Ur Tea" non-sugar green tea and "Mineralized Water". For the refrigerated drinks, the Group launched "Wei Chuan Yogurt Drink" and was welcome in the market. Together with the "100% Daily C Juice", these products are being the popular high quality healthy drinks in the greater Shanghai area.

During the fiscal year 2003, the gross margin of beverage business fell by 5.2pp to 40.7% from previous year, mainly because (1) price increased by 20-40% for core raw material PET plastic materials within the year; (2) production lines have not been fully utilized and (3) product price decreased due to keen competition in the market. Profit attributable to shareholders was US\$6.892 million, dropped by 85.0% from a year ago mainly because of the below expectation sales, a decline in gross profit and increase in advertising and promotion expenses.

To further strengthen the ability for the Group's development in the PRC fast growing beverage market, on 27 December 2003 the Group entered into the agreement with AI Beverage in relation to the co-operation with Asahi and Itochu in the beverage business in the PRC. Pursuant to the agreement, the Group will transfer 49.995% shares of the Group's beverage business to AI Beverage, a joint venture company of Asahi and Itochu to work together to operate in this fast growing and huge but competitive beverage market. Through the co-operation, the Group can leverage on the partners' respective expertise and strengths to significantly enhance its competitiveness in product development, manufacturing, raw material procurement and overall business management. The co-operation is clearly a big support for the Group's long term development in the PRC beverage market.

Bakery Business

糕餅業務



糕餅業務

二零零三年糕餅業務之營業額為72,573千美元，相比去年同期下降15.9%，佔本集團總銷售額的5.8%，由於糕餅產品週期較短及替代性高，本集團的糕餅業務表現未如理想；惟妙芙蛋糕與蛋酥卷的銷售相對較好，主力產品3+2蘇打夾心於九月起採用代言人廣告策略奏效，銷售明顯好轉。年內，新產品蛋黃也酥酥的推出，廣受消費者歡迎，與策略夥伴合作的產品巧芙派及珍寶珠捧捧糖，正逐步建立市場地位。據AC Nielsen二零零三年十二月 / 二零零四年一月調查所得，「康師傅」於中國夾心餅市場之銷售量及銷售額之佔有率分別為20.0%及24.4%。

由於中國糕餅市場朝向多元化發展，因此本集團已暫停此業務的資本投資，並善用現有之機械設備生產不同口味的產品，以增加消費者的選擇。此外，本集團亦將持續透過尋找合適的策略聯盟，以康師傅的品牌及銷售網絡銷售，藉以增加康師傅產品的品項。

Bakery Business

In 2003, turnover for bakery business amounted to US\$72.573 million, dropped by 15.9% from previous year and representing 5.8% of the Group's total turnover. The sales decline was because the life cycle for bakery is shorter than the other products and there was high replacing possibility in bakery products. However, Muffin and Egg Rolls maintained good performance. From the beginning of September, the sales strategy of "Celebrity" for the core product "3+2" sandwich cracker was successful and had improved sales. During the year, new product "Sweet Yolk Biscuit" has been well received by the market and the chocolate wafer and lottery pop which were produced by our strategic alliances have gradually built up the foundation in the market. According to AC Nielsen, based on sales value, for the period from December 2003 to January 2004, Master Kong's sandwich crackers gained 20.0% market share by volume and 24.4% market share by value in the PRC sandwich crackers market.

In view of the development of the PRC's bakery market towards diversity, the Group has suspended capital investment in bakery business and added more favours by using the existing production lines. To make use of Master Kong's brand and sales channel, the Group will continue to seek for strategic partners to enhance the product mix for the Group's bakery products.



年內，糕餅業務之毛利率為32.4%，相較去年同期下降0.4百分點，毛利率下跌主要因為設備使用率偏低及高毛利率產品銷售不理想所致，糕餅業務之股東應佔虧損為7,454千美元，去年虧損為5,074千美元。

配套業務

為了進一步強化本集團物流實力，本集團於二零零四年三月二十六日與伊藤忠達成協議，本集團將出售轄下從事物流服務的頂通49.99%的股份予伊藤忠，藉此以強化兩個集團在中國的物流整合，獲取更大的經營效益。

財務分析

本集團的財務結構保持穩健，對應收帳款和存貨的有效控制，使得本集團的現金流量穩定成長，於二零零三年底持有之手頭現金及銀行存款為94,978千美元，較二零零二年同期減少4,935千美元。年內，主要的資本性開支是用於增加膠瓶裝飲品的生產設備；本集團以營業取得的現金和透過長期借貸提供所需資金，於二零零三年十二月三十一日，本集團借款總額為434,770千美元，相較去年增加19.7%，上升71,582千美元。其中長短期貸款比例調整為62%：38%，去年同期為70%：30%；本集團主要為現金銷售所形成強大之現金流量，代表本集團無長短期還款壓力。同時，透過本集團主營產品方便麵、飲品及糕餅銷售之季節性差異可互相彌補營運資金之季節性需求，從而使整個集團全年均可保持充足之現金水平。此外，本年度總借貸中人民幣貸款的比例為48%，去年同期為50.3%。由於本集團的交易大部份以人民幣為主而期內人民幣與美元的匯率變動不大，加上本集團已採用「遠匯合同」以減少匯率風險，因此，期內匯率波動未對本集團造成重大影響。本集團於二零零三年十二月三十一日之借貸中以固定利率計息之人民幣借款及可換股價率佔69%，且本集團並無或然負債。

During the fiscal year 2003, the Group's gross margin of bakery business was 32.4%, dropped by 0.4pp when compared to the same period in 2002 mainly because the utilization rate for production lines was low and the sales for high margin products were under-performed. Loss attributable to shareholders was US\$7.454 million and last year was US\$5.074 million.

Supporting Business

The Group entered into an agreement in relation to the co-operation with Itochu to form a strategic partnership in logistics business in the PRC on 26 March 2004. With the agreement, the Group will transfer 49.99% interest in Tingtong to Itochu. Tingtong is the Group's wholly-owned subsidiary and engaged in logistics services. The Group believes that the co-operation will benefit the two groups' operation in the PRC logistics industry.

Financing

The Group's healthy finance structure was mainly benefited from the stable cash flow of the Group as a result of the well-controlled accounts receivable and inventory. At the end of 2003, the Group's cash and bank deposits amounted to US\$94.978 million, decreased by US\$4.935 million from previous year. The main capital outlays were related to expenditure for PET drinks production facilities. These expenditures were financed by operating cash flows and long-term borrowings. At the end of 2003, the Group's total borrowing was US\$434.770 million, increased by US\$71.582 million and represented an increase of 19.7% from previous year. The Group adjusted the ratio between long-term loans and short-term loans from the previous year's 70%: 30% to 2003's 62%: 38%. As a result of the Group's cash on delivery policy, the Group will not face the repayment problem for long-term and short-term loans. The seasonal difference from the sales between the Group's instant noodle, beverage and bakery business can also maintain the Group's strong cash position. In 2003, the Group's Renminbi debts represented 48% of total debt and at the end of 2002 it was 50.3%. The Group's transactions are mainly denominated in Renminbi and during the period the exchange rate between Renminbi and US dollar remained stable. The Group also used forward exchange contracts to minimize the risk of exchange fluctuations. As a result, there was no significant impact of exchange fluctuations during the year. As of 31 December 2003, Renminbi loan and the convertible bonds with fixed interest rate accounted for 69% of the Group's total borrowing and the Group had no contingent liabilities.

生產規模

年內飲品事業新增的二十七條PET膠瓶裝飲品生產線已於第三季內全線投產，本集團的PET飲料產能已較二零零二年底增加一倍。而此等高效能的生產線可直接減低PET膠瓶的生產成本，進而提高本集團於飲品市場之競爭能力。而於廣州、杭州、武漢及台灣四個方便麵廠增加的新設備，亦已於十月前投產。

此外，本集團在二零零四年計劃動用6,500萬美元的資本投資以配合方便麵業務及冷藏飲品的發展，以及解決現有機械設備的生產瓶頸問題。透過擴大上述的產能，相信可加強本集團於市場的競爭力，相信對本集團銷售的成長有一定的裨益。

銷售網絡

截至二零零三年底，本集團於中國共設有344個營業所及77倉庫，配合49,311個直營零售商的團隊運作，令本集團可更快速的將產品分銷及配送，同時可將新產品準確而迅速地滲透至適當的市場；此外，為配合大賣場及超市等網絡的發展，本集團已加強此等直營網絡的管理及前線人員之培訓，銷售網絡是鞏固本集團業務的命脈，本集團亦將持續優化「通路精耕」的佈局。

Production Scale

The Group has increased 27 production lines for PET beverage and all the lines have been put in production in the third quarter. The Group's production capacity for PET beverage would be doubled as compared to the end of last year. Those new production lines can directly reduce the cost of PET bottles and strengthen the Group's competitiveness in the PRC beverage market. The Group has also increased new production facilities for instant noodle in Guangzhou, Hangzhou, Wuhan and Taiwan and the new facilities have commenced production before October.

In the year 2004, the Group plans to invest US\$65 million in instant noodle business and refrigerated drinks business to meet the development requirement and to solve the bottle neck problem for the existing production facilities. The Group believes that those expansion will strengthen the competitiveness of the Group and benefit the growth of the Group's sales.

Sales Network

At the end of 2003, the Group established a team operation with 344 sales offices, 77 warehouses and 49,311 direct retailers in the PRC. With the network, the Group can speed up the distribution and delivery of the Group's products and the products can be launched directly to the appropriate market. In addition, to cope with the development in grand sales market and supermarkets, the Group has strengthened the management of these direct sales networks and the training for frontline staff. The Group will continue to enhance "Better Access, Broader Reach" distribution strategy since the comprehensive sales network is the Group's valuable source.



人力資源

於二零零三年十二月三十一日，本集團共聘用27,803名僱員(二零零二年：26,542名)。本集團向僱員提供具競爭力的薪酬配合，保險及醫療福利以及專業的培訓計劃，二零零三年度本集團共為員工提供921,833小時的培訓課程，透過完善的人力資源管理以期提高僱員對本集團的貢獻。

公司管治

最佳應用守則

本集團截至二零零三年十二月三十一日止年度內，除了非執行董事因須按公司章程細則輪席退位而未有指定任期外，本公司一直遵守香港交易所證券上市規則附錄14所載之最佳應用守則。

審核委員會

根據上市規則附錄14最佳應用守則第14條之要求，本集團已於一九九九年九月成立審核委員會，成員包括徐信群及高捷雄兩位獨立非執行董事。該委員會最近召開之會議乃審議本集團年內之業績。

Human Resources

As of 31 December 2003, the Group employed 27,803 staff (2002: 26,542). The Group provides a competitive salary packages, insurance and medical benefit and professional training courses to employees. In 2003, the Group has provided 921,833 training hours to the Group's staff. The Group believes that the perfect management system for human resources will enhance employee's contribution to the Group.

Corporate Governance

Code of Best Practice

Throughout the year, the Company was in compliance with the code of Best Practice as set out in the Listing Rules except all non-executive directors of the Company are not appointed for a specific term as they are subject to retirement by rotation in accordance with the Company's Articles of Association.

Audit Committee

In compliance with the requirement under Rule 14 of the Code of Best Practice setting out in Appendix 14 of the Listing Rules, the Company has two independent non-executive directors, Mr. Hsu Shin-Chun and Mr. Katsuo Ko. The latest meeting of the committee was held to review the results of the Group for the year.