

CORPORATE GOVERNANCE REPORT

公司管治報告

We are firmly committed to statutory and regulatory corporate governance standards and adherence to the principles of corporate governance emphasising transparency, independence, accountability, responsibility and fairness.

Board of Directors

The Board currently comprises six Non-executive Directors and four Executive Directors. Two of the Non-executive Directors are independent.

Under the Company's current Articles of Association, save for the Executive Chairman, all Directors are subject to retirement by rotation and their re-election is subject to approval by shareholders at the Annual General Meeting.

The Board met seven times in fiscal year of 2003/2004 to review the financial and operating performance of the Group and to consider and approve future strategic development and various budgets for the Group. The number of meetings held and the attendance record of the Board members at these meetings in the last five fiscal years are as follows:

本集團奉行法定及監管公司管治標準，並時刻遵循注重透明度、獨立、問責、負責與公平之公司管治原則。

董事會

董事會現由六位非執行董事及四位執行董事組成。其中兩位非執行董事為獨立人士。

根據本公司現有章程細則，除執行主席外，所有董事均須輪值告退，並須在股東週年大會上獲股東批准，方可膺選連任。

於二零零三／二零零四財政年度內董事會共開會七次，以檢討本集團之財務及營運表現，及考慮與批准本集團未來策略發展及不同之預算。對上五個財政年度之開會次數及董事會成員於該等會議之出席率表列如下：

	2003/2004 二零零三／二零零四年	2002/2003 二零零二／二零零三年	2001/2002 二零零一／二零零二年	2000/2001 二零零零／二零零一年	1999/2000 一九九九／二零零零年
Number of Board meetings 董事會會議數目	7	7	6	6	5
Attendance 出席率					
Independent Non-executive Directors 獨立非執行董事	93%	93%	75%	67%	90%
Non-executive Directors 非執行董事	82%	83%	92%	96%	95%
Executive Directors 執行董事	100%	100%	100%	100%	100%
All Board Members 全體董事會成員	91%	96%	93%	93%	96%

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System of Internal Controls

The Board recognises its overall responsibility for the establishment, maintenance and review of a system of internal control that provides reasonable assurance on the reliability and integrity of financial and operational information, effective and efficient operations, safeguarding of assets and compliance with laws and regulations. The system of internal control is designed to manage rather than eliminate all risks of failure while its goal is to provide reasonable, not absolute, assurance regarding the achievement of organisational objectives.

Board Committees

The Board has established an Executive Committee, an Audit Committee and a Compensation Committee.

Executive Committee

The Executive Committee was established in 2001. Its current members include all four Executive Directors, who are:

Mr. Winston Yau-lai LO
Mr. Fransis Ming-yin KONG
Mr. Eric Fat YU
Mr. John Shek-hung LAU

The Executive Committee operates as a general management committee under the direct authority of the Board to deal with some operational matters of the Group.

Audit Committee

The Audit Committee was established in 1999. Its current members include two Independent Non-executive Directors and one Non-executive Director, who are:

Mr. Iain F. BRUCE (Chairman) – Independent Non-executive Director
Dr. The Hon. David Kwok-po LI – Independent Non-executive Director
Mr. Chi-kian SHIU – Non-executive Director

The Committee meets at least twice each year, together with senior management and auditors, both internal and external.

內部監控系統

董事會認識到本身就建立、維持及檢討內部監控系統制度之整體責任，實須合理地保證財務及營運資料之可靠及完整性、有效及高效營運、保護資產及遵守法規。內部監控系統乃旨在管理而非消除所有失敗之風險，而它的宗旨是提供有關達成公司目標之合理保證而非絕對保證。

董事委員會

董事會轄下已成立執行委員會、審核委員會及薪酬委員會。

執行委員會

執行委員會於二零零一年成立，現成員包括全部四位執行董事，分別為：

羅友禮先生
江明彥先生
余發先生
劉錫鴻先生

執行委員會為一般管理委員會，直屬於董事會，處理本集團部份營運事宜。

審核委員會

審核委員會於一九九九年成立，現成員包括兩位獨立非執行董事及一位非執行董事，分別為：

Iain F. BRUCE先生（主席）－獨立非執行董事
李國寶博士－獨立非執行董事
邵志堅先生－非執行董事

委員會每年至少舉行兩次會議，與會者包括高級管理層與內部及獨立核數師。

Audit Committee (continued)

The Audit Committee's terms of reference are to consider the appointment of the External Auditors and any questions of resignation or dismissal, their audit fees, matters relating to the independence of the External Auditors; to meet with the External Auditors about the nature and scope of the audit, matters of concern when requested to do so by the External Auditors; to review the half-year and annual financial statements before they are submitted to the Board; to discuss problems and reservations arising from the interim review and final audit, and any other matters the External Auditors may wish to discuss, and to review the External Auditors' management letter and management's response; to review the internal audit programmes and to ensure co-ordination between the Internal and External Auditors, and ensure that the internal audit function is adequately resourced and has appropriate standing within the Group; to consider the major findings of internal investigations and management's response; and to determine if there is any apparent evidence of serious, or pervasive, weaknesses in the financial reporting system or the system of internal control.

審核委員會 (續)

審核委員會之職權範圍包括考慮獨立核數師之委聘及其任何辭任、罷免、核數師酬金、獨立核數師之獨立性等事宜；與獨立核數師開會討論審核工作之性質及範圍及應獨立核數師要求處理值得關注事項；審閱半年及全年財務報表以便上呈董事會；討論源於中期審核及年結審核過程發現之問題及保留意見，及任何其他獨立核數師欲討論之事宜；審閱獨立核數師致管理層之函件及管理層之回應；審閱內部稽核計劃並確保內部及獨立核數師間之協調；確保內部稽核職能有足夠資源配合並於本集團內擁有適當地位；審議內部調查之主要調查結果及管理層之回應；及釐定財務申報制度或內部監控系統中有否明顯嚴重或普遍之弱點。

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Audit Committee (continued)

The number of meetings held and the attendance of the members of the Audit Committee at these meetings for the last five years, including the meeting to approve the 2003/2004 financial statements are as follows:

審核委員會 (續)

審核委員會對上五年之開會次數及其成員於該等會議(包括批准二零零三/二零零四年度財務報表之會議)之出席率如下：

	2003/2004 二零零三/二零零四年	2002/2003 二零零二/二零零三年	2001/2002 二零零一/二零零二年	2000/2001 二零零零/二零零一年	1999/2000 一九九九/二零零零年
Number of meetings held 開會次數	2	2	2	2	2
Attendance 出席率					
Independent Non-executive Directors 獨立非執行董事	100%	100%	100%	100%	100%
Non-executive Director 非執行董事	100%	100%	100%	100%	100%
Chief Financial Officer 財務總監	100%	100%	100%	100%	100%
Internal Auditor 內部核數師	100%	100%	100%	100%	100%
External Auditors 獨立核數師	100%	100%	100%	100%	100%

Audit Committee (continued)

The Audit Committee of the Board has reviewed the 2003/2004 financial statements with management and the Company's External Auditors and recommended its adoption by the Board.

Compensation Committee

The Compensation Committee was established in February 1994. This Committee comprises two Independent Non-executive Directors, four Non-executive Directors and one Executive Director and its current members are:

Dr. The Hon. David Kwok-po LI (Chairman) – Independent Non-executive Director

Mr. Iain F. BRUCE – Independent Non-executive Director

Mr. Chi-kian SHIU – Non-executive Director

Ms. Myrna Mo-ching LO – Non-executive Director

Mr. Frank Yau-yee LO – Non-executive Director

Ms. Yvonne Mo-ling LO – Non-executive Director

Mr. Winston Yau-lai LO – Executive Director

The Committee was set up to consider and approve the remuneration packages of the senior employees of the Group, including the terms of salary and bonus schemes and other long-term incentive schemes.

審核委員會 (續)

董事會之審核委員會已連同管理層及本公司獨立核數師審閱二零零三／二零零四年度之財務報表，並建議董事會予以採納。

薪酬委員會

薪酬委員會於一九九四年二月成立。目前，委員會成員包括兩位獨立非執行董事、四位非執行董事及一位執行董事，其現成員為：

李國寶博士 (主席) – 獨立非執行董事

Iain F. BRUCE先生 – 獨立非執行董事

邵志堅先生 – 非執行董事

羅慕貞女士 – 非執行董事

羅友義先生 – 非執行董事

羅慕玲女士 – 非執行董事

羅友禮先生 – 執行董事

委員會之成立旨在審批本集團高層僱員之薪酬福利組合，包括薪金及花紅計劃及其他長期獎勵計劃。

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Compensation Committee (continued)

The number of meetings held and the attendance of the members of the Compensation Committee at these meetings for the last five years are as follows:

薪酬委員會 (續)

薪酬委員會對上五年之開會次數及委員會成員之出席率如下：

	2003/2004 二零零三/二零零四年	2002/2003 二零零二/二零零三年	2001/2002 二零零一/二零零二年	2000/2001 二零零零/二零零一年	1999/2000 一九九九/二零零零年
Number of meetings held 開會次數	5	5	2	3	2
Attendance 出席率					
Independent Non-executive Directors 獨立非執行董事	92%	90%	75%	83%	75%
Non-executive Directors 非執行董事	92%	95%	88%	78%	100%
Executive Director 執行董事	100%	100%	100%	100%	100%

Internal Audit

The Group Internal Audit Department supports management by carrying out a systematic approach to evaluate the risks and improve the effectiveness of the internal control systems of all levels of the companies in the Group. The Audit Committee endorses the audit plan annually. The Group Internal Auditor has unrestricted access to all parts of the business, and direct access to any level of management as he considers necessary. The Group Internal Auditor reports his findings and the agreed corrective actions to senior management responsible for the area audited. He also reports regularly the results of the reviews in a summary to the Audit Committee.

External Auditors

KPMG has been appointed as the External Auditors of the Company by shareholders at the Annual General Meeting annually. An amount of HK\$2.9 million (2002/2003 HK\$2.6 million) was charged to the 2003/2004 financial statements of the Company and subsidiaries for KPMG's statutory audit and tax services. The amount for other services provided by KPMG for the Company and subsidiaries during the year was minimal.

內部稽核

本集團之稽核部通過有系統方法以評估風險及改善本集團公司各階層內部監控系統之效率，以配合管理層之工作。審核委員會每年確認審核方案。本集團內部核數師可不受限制地接觸其認為必要之業務範疇及各級管理層。本集團之內部核數師將其調查結果及協議之糾正行動匯報予負責有關被稽核範圍之高級管理層。彼又會定期向審核委員會簡報審閱結果。

獨立核數師

畢馬威會計師事務所已於每年股東週年大會上獲委聘為本公司獨立核數師。本公司及其附屬公司已就畢馬威會計師事務所提供之法定審核及稅務服務自二零零三/二零零四年財務報表中扣除港幣2,900,000元(二零零二年/二零零三年：港幣2,600,000元)。畢馬威會計師事務所於年內為本公司及其附屬公司所提供之其他服務費用乃微不足道。

Codes

The Group has adopted, in June 2001, its own Code for Securities Transactions by Directors that follows the old Model Code for Securities Transactions by Directors of Listed Companies contained in Appendix 10 of the Main Board Listing Rules (the “Listing Rules”).

Throughout 2003/2004, the Group has complied with the Code of Best Practice contained in Appendix 14 of the Listing Rules.

Investor Relations

We believe accountability and transparency are indispensable for ensuring good corporate governance and, in this regard, timely communication with our shareholders, including institutional investors, is crucial. We manage investor relations systematically as a key part of our operations.

We maintain a website (www.vitasoy.com) to keep our shareholders and the investing public posted of our latest business developments and to disseminate shareholder information.

During the year, we continued to follow a policy of maintaining an open and regular dialogue with institutional and minority shareholders, fund managers, analysts and the media through different means, including meetings, presentations, telephone conferences, correspondence, media briefings and press releases to distribute information on the Group's latest developments and strategies. We also continued to be proactive in responding to general enquires raised by the investing public, individual and institutional investors and investment analysts.

守則

本集團已於二零零一年六月採納自行制定之「董事之證券交易守則」，而此守則乃跟隨舊有主板上市規則（「上市規則」）附錄十所載之「上市公司進行證券交易之標準守則」而制定。

於整個二零零三／二零零四年度，本集團一直遵守上市規則附錄十四所載之「最佳應用守則」。

投資者關係

本集團相信問責制及透明度乃良好公司管治不可或缺之部分，故此與股東（包括機構投資者）作適時溝通實為重要。本集團有系統地處理投資者關係並視之為本集團營運之主要部分。

本集團設有網站（www.vitasoy.com），以便向股東及大眾投資者匯報本集團最新業務發展及發放股東資訊。

年內，本集團貫徹通過不同方式與機構及少數股東、基金經理、分析員及媒體公開定期對話之政策。形式包括會面、演介會、電話會議、函件、媒體簡報會及新聞稿等，藉以發佈有關本集團最新發展及策略之資料。本集團將繼續積極回應大眾投資者、個人及機構投資者及投資分析員所提出之一般查詢。