

AUDIT COMMITTEE

The Audit Committee, which was established pursuant to the requirements of the Listing Rules, met twice in the year. Members of the Audit Committee include all the Independent Non-Executive Directors of the Company, namely Messrs WONG Wang Fat, Andrew, CHOW Ming Kuen, Joseph and LI Kwok Heem, John (who was appointed on 30th September 2004). During the period, the Audit Committee has reviewed with the Management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including the review of unaudited interim financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of listed securities of the Company by the Company or any of its subsidiaries during the six months ended 30th September, 2004.

CODE OF BEST PRACTICE

In the opinion of the Directors, the Company has complied with the guidelines for the Code of Best Practice as set out in Appendix 14 of the Listing Rules throughout the period, save and except that all independent non-executive directors of the Company are not appointed for any specific terms but they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules. All directors of the Company confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code during the six months ended 30th September, 2004.

APPRECIATION

The Group has successfully weathered the challenge arising from the unsettled economic environment and has been back on the growth track. On behalf of the Board, I would like to take this opportunity to thank the Management and all staff for their concerted effort, commitment and professionalism.

By Order of the Board
CHOW Yei Ching
Chairman and Managing Director

Hong Kong, 10th December, 2004

website: <http://www.chevalier.com>