

Code of Best Practice

The Directors has not established an audit committee (the "Audit Committee") to review and supervise the Company's financial reporting process and internal controls pursuant to paragraph 14 of the Code of Best Practice set out in Appendix 14 to the Listing Rules (the "Code of Best Practice"). However, the Company has set up, in lieu thereof, a Supervisory Committee which carries out functions similar to that of an Audit Committee. The differences are that the Company's Supervisory Committee comprises three representatives of whom two are elected and removed in the general meeting of shareholders and one is elected and removed by the staff and workers of the Company through democratic election, and reports to the shareholders in the general meeting instead of to the Board of Directors, whereas an Audit Committee comprises the non-executive directors of a company. Apart from this, none of the directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30th June, 2002 in compliance with the Code of Best Practice.