

## CORPORATE GOVERNANCE

### 1. Change of directors and supervisors

On the Extraordinary General Meeting of the Company (“EGM”) held on 18 March 2003, the resignation of Mr. Li Peiyong, Mr. Qiao Xiangshan, Mr. Zhang Qingju and Mr. Jia Fugui were approved, and the election of Mr. Wang Jiadong as executive director, Mr. Chen Guoxing, Mr. Zheng Hui and Mr. Wang Zengyi as non-executive director had were passed. Heretofore, in January 2003, Mr. Li Peiyong tendered his resignation as director of the Company because of a transfer in his position, and Mr. Qiao Xiangshan, Mr. Zhang Qingju and Mr. Jia Fugui tendered their resignations as directors of the Company respectively because they were approaching the age for retirement.

Simultaneously, the resignation of Mr. Liu Fuquan from the office of supervisor representing the staff of the Company was confirmed at that EGM, and the election of Mr. Wang Zuoyi as supervisor representing the shareholders of the Company and the confirmation of Ms. Li Xiaomei as supervisor representing the staff of the Company were passed respectively.

### 2. Code of Best Practice

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 30 June 2003, in compliance with the Code of Best Practice as set out in Appendix 14 to the Listing Rules.

### 3. Audit Committee

The audit committee of the Company has reviewed with the management the accounting principles, the accounting standards and the methods as adopted by the Group, and discussed matters relating to the internal control and the financial reporting, including review of the unaudited condensed interim financial statements for the six months ended 30 June 2003 and the interim results announcement.