

## **COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES**

Throughout the period, the Company was in compliance with the Code of Best Practice as set out in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") except that non-executive directors are not appointed for a specified term as recommended in Paragraph 7 of Appendix 14 "Code of Best Practice" of the Listing Rules. According to the Bye-laws of the Company, non-executive directors of the Company will retire by rotation and their appointments will be reviewed when they are due for re-election. In the opinion of the directors, this meets the same objective as the Code of Best Practice.

## **AUDIT COMMITTEE**

The Audit Committee of the Company comprises Mr. Lai Wing Leung and Mr. Lam Kwok Cheong, both of whom are independent non-executive directors of the Company. The Audit Committee meets at least twice a year with the Company's management and auditors to review the accounting principles and practices adopted by the Group and discuss auditing, internal control and financial reporting matters including the review of the unaudited condensed accounts for the six months ended 30th September 2003.