

CODE OF BEST PRACTICE AND THE MODEL CODE

In the opinion of the Board, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules throughout the accounting period under review, except in relation to guideline 7, where the non-executive directors are not appointed for specific terms. Non-executive directors are subject to retirement by rotation and re-election at the annual general meetings of the Company, in accordance with the Company's articles of association. The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers (the "Model Code") as the Code of Conduct regarding directors' securities transactions.

During the period ended 30 June 2004, none of the directors is aware of any information that would reasonably indicate that the Company or any of its directors is not or was not in compliance with the Model Code.

APPRECIATION

On behalf of the Board, I would like to thank our shareholders, customers, suppliers and our employees for their support, cooperation and encouragement during the period.

By Order of the Board
Cao Zhong
Chairman

Hong Kong, 20 September 2004

This interim report can also be accessed through the internet at the Company's website <http://www.shougangcentury.com.hk>.

