

AUDIT COMMITTEE

The Company has engaged the Auditors to assist the Audit Committee to review the 2004 interim results of the Group. A meeting of the Audit Committee was held with the Auditors and the management of the Company on 13 September 2004 for, amongst other things, reviewing the interim results of the Group for the period ended 30 June 2004.

COMPLIANCE WITH CODE OF BEST PRACTICE

None of the directors of the Company is aware of information which would reasonably indicate that the Company is not, or was not, for any part of the six months ended 30 June 2004, in compliance with the Code of Best Practice set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited except that the Independent Non-executive Directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the provisions of the Company's articles of association.

APPRECIATION

On behalf of the Board, I would like to extend our sincere thanks to our customers, suppliers and shareholders for their continuous support to the Group. I would also extend my gratitude and appreciation to all management and staff for their hard work and dedication throughout the year.

By Order of the Board

Cao Zhong

Chairman

Hong Kong, 20 September 2004

