

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company was in compliance with the code provisions set out in the Code on Corporate Governance Practices ("Code") in Appendix 14 to the Listing Rules effective on 1 January 2005, except for the following:

Deviation from the Code	Relevant Code provisions	Remedial steps to be taken to comply with the Code
1. According to the existing Articles of Association of the Company ("Articles"), at each annual general meeting one-third of the Directors, or, if their number is not 3 or a multiple of 3, then the nearest to but not exceeding one-third, shall retire from office by rotation provided that no Director holding office as Chairman or Vice Chairman or the office of Managing Director or Joint Managing Director shall be subject to retirement by rotation.	A.4.2	A resolution will be proposed at the next general meeting of the Company to seek the approval of the shareholders of the Company to amend the Articles so that all Directors appointed to fill a casual vacancy should be subject to election by the shareholders of the Company at the first general meeting after their appointment and every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") on 8 December 2004 with written terms of reference in compliance with the Code of Best Practice as set out in the then Appendix 14 to the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group. The Audit Committee comprises three independent non-executive Directors, Mr. Wong Tin Yau, Kelvin, Mrs. Chiu Lin Mei-Yu and Mr. Hsu Shan-Ko. The 2005 unaudited interim results have been reviewed by the Audit Committee.

On behalf of the Board
China Metal International Holdings Inc.
Ho Ming-Shiann
Chairman

Hong Kong, 31 August 2005