

CODE OF BEST PRACTICE

During the six months ended 30th June, 2001, the Company had not formed an independent Audit Committee. However, the Company's organizational structure has a Supervisory Committee, which carries out functions similar to those of an independent Audit Committee.

Save as the aforesaid, the Directors are not aware of any information which reasonably indicated that the Company had not complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the first half of 2001.

By Order of the Board
Sun Weijun
Chairman

24th August, 2001, Ningbo, China