



CODE OF BEST PRACTICE

The Company had not formed an Audit Committee aiming at reviewing and supervising the Company's financial reporting process and internal controls in accordance with the Code of Best Practice as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") during the Period. However, the Company's organisational structure has, in lieu, a Supervisory Committee which carries out functions similar to that of an Audit Committee, and the principal difference is that the Company's Supervisory Committee comprises four representatives (one of which shall be an employee of the Company) who are elected and removed in the general meeting of shareholders, and which reports to the general meeting of shareholders, whereas an Audit Committee is appointed amongst the non-executive directors of a company. Save as the aforesaid, the Company had been in compliance with the Code of Best Practice in Appendix 14 of the Listing Rules during the Period.