

Corporate Governance

The overall management of the Company's business rests with the Board.

The Board currently comprises three executive directors and three non-executive directors, two of whom are independent non-executive directors. Full Board meeting have been held five times in 2002 to discuss, amongst others, the interim and annual results of the Company.

MANAGEMENT COMMITTEES

Subsequent to the year end, the Company has established two management committees in February 2003 responsible for the daily operation of our PRC and Taiwan businesses respectively. The committees are responsible for the formulation (subject to the Board's approval) and execution of business plans and strategies. Each management committees is made up of 10 senior management staff from various departments including directors. The PRC management committee is headed by Dr. Tsai and Mr. Lee Ming Ta and our Taiwan management committee is headed by Mr. Su Chien Cheng. Members of the management committees are scheduled to meet regularly on a monthly basis.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") on 11 March 2002 with written terms and with reference to guidance published by the Hong Kong Society of Accountants. The primary duties of the audit committee are to review and supervise the financial reporting and internal control procedures of the Group.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the financial statements for the year ended 31 December 2002.

The Audit Committee comprised of all the independent non-executive Directors and has met five times in 2002. The Audit Committee has met to review the accounts of the Group for the year ended 31 December 2002 prior to recommending them to the Board for approval.

SHAREHOLDERS

The Board and senior management recognise their responsibility to represent the interests of the shareholders of the Company and to maximise shareholders' value. The Company's annual general meeting provides a good opportunity for communication between the Board and the shareholders and for the Board to meet private shareholders. All ordinary shares of the Company have equal voting rights and all shareholders are encouraged to participate in the annual general meeting. A notice of annual general meeting and related papers are required to be sent to shareholders at 21 days prior to the meeting.

CODE OF BEST PRACTICE

The Company is committed to maintain high corporate governance practices and has complied throughout the year with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").