

REPORT ON CORPORATE GOVERNANCE

Introduction

The Directors believe that their foremost function as officers of the Company is to generate value for shareholders and that this should be achieved by a policy of high standards of corporate governance, integrity and ethics. As the Company is admitted to trading on AIM and not subject to the Listing Rules of the UK Listing Authority, it is not officially required to comply with the provisions detailed in the Combined Code on Corporate Governance.

However, it is the intention of the Board to manage the Company's affairs in accordance with the QCA guidelines for AIM Companies, in so far as is practical and appropriate for a public company of this size and complexity. The Directors have applied the principles of good corporate governance to manage the Company throughout the period.

Board of Directors

The Board directs and controls the Company and is responsible for strategy and operating performance. It meets regularly throughout the period and has adopted a schedule of matters specifically reserved for its decision.

All Directors are elected by shareholders at the first opportunity after their initial appointment to the Board and are to be re-elected thereafter at intervals of not more than three years. Biographical information on all the Directors is listed in the Directors' and Senior Management's Biographies section to the annual report, which may help the shareholders to make a decision at the time of re-election.

Upon their appointment, the Directors are offered an opportunity to request information and training relevant to their legal and other duties. They are also given written guidelines and rules defining their responsibilities within the Company.

The Board considers that all Non-Executive Directors are independent of management and day-to-day operation, and free from any commercial relationship with the Company. The chairpersons of the Audit and Remuneration Committees are both Non-Executive Directors.

On 2 June 2009, Mr. Jen-Ching Chen ("Mr. Chen") was detained by Taiwan prosecutors to assist with their investigations into possible fraud involving Prince Housing and Development Corp ("Prince Housing"). In order to avoid the on-going investigation interfering with the operations of the Company, on 17 June 2009, Mr. Chen tendered his resignation as Executive Chairman and Director of the Company. His resignation became effective on 24 June 2009.

As a result, the Company is currently operated by Mr. Ng Man Kwan Lawrence and Mr. David Thomas, an Executive Director and Non-Executive Director, respectively. The Board considers that, notwithstanding the above management change, the Board reasonably expects the Company to continue operating for the foreseeable future and has therefore used the going concern basis in preparing the financial statements for the period.

Nomination Committee

The Nomination Committee initially comprised of Mr. Chen (as Chairman), Mr. David Thomas ("Mr. Thomas") and Mr. Ng Man Kwan Lawrence ("Mr. Ng"). As a result of Mr. Chen's resignation, the Nomination Committee currently consists of only two Directors – Mr. Ng and Mr. Thomas.

The Nomination Committee considers the selection and re-appointment of Directors as well as identifying and nominating candidates to fill Board vacancies. It also regularly reviews the structure, size and composition (including the skills, knowledge and experience) of the Board and makes recommendations to the Board with regard to any changes.

The Nomination Committee is currently in the process of identifying suitable candidates to fill the vacancy left by Mr. Chen.

Audit Committee

The Audit Committee initially comprises Mr. Thomas (Chairman) and Mr. Ng. It is responsible for ensuring that the financial performance, position and prospects of the Company are properly monitored and reported on and is also responsible for meeting the auditors and reviewing their reports relating to accounts and internal controls. The Audit Committee meets not less than twice per annum. The responsibilities of the Audit Committee are to:

- monitor the quality of the overall internal control system of all financial matters;
- review the Company's accounting policies and ensure compliance with accounting standards;
- ensure that the financial performance of the Company is properly measured and reported on;
- consider the appointment/re-appointment of the external auditor;
- review the conduct of the external auditor and discuss the audit fees; and
- review reports from the external auditor relating to the Company's accounting and internal controls.

Remuneration Committee

The Remuneration Committee initially comprises Mr. Thomas (Chairman) and Mr. Ng. It reviews the performance of the Executive Directors and sets their remuneration and the payment of bonuses. It also considers the future allocation of share options to Directors and employees. The Remuneration Committee meets as required. The responsibilities of the Remuneration Committee are to:

- determine the specific remuneration package for each Director including Directors' fees and salaries and, where appropriate, allowances, bonuses, options, and benefits-in-kind; and
- seek professional advice, including comparison with similar businesses, in order to correctly fulfil its duties, as the Remuneration Committee deems appropriate.

In circumstances where the Remuneration Committee deems it necessary to seek independent professional advice, the expenses of such advice shall be borne by the Company.

Investor Relations

The Company realises that effective communication can increase the transparency and accountability to its shareholders; as such, the Company discloses its information to its shareholders through RNS (i.e. the news distribution service operated by the London Stock Exchange plc). The same information can also be found on the Company's website (**www.tai-zi.com**).

The Company will send the Annual Report and the notice of the Annual General Meeting ("AGM") to all its shareholders. This notice is also made available on RNS. The Company recognises the importance of the shareholders' views and encourages them to attend the AGMs where they can share their opinions and direct their queries and concerns towards the Directors, including the chairperson of each of the Board Committees. The shareholders are also welcome to discuss any issues on an informal basis at the conclusion of the AGMs.