

CORPORATE GOVERNANCE REPORT 公司管治報告

Corporate Governance Practices

The Company is committed to maintaining and ensuring a standard of corporate governance that is consistent with market practices. The Company has applied the principles and complied with all the applicable code provisions of the Code on Corporate Governance Practices (“Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities (“Listing Rules”) on Stock Exchange for the year ended 31 December 2008 except for Code provision E.1.2. Code provision E.1.2 stipulates that the Chairman of the board should attend the annual general meeting. The Chairman of the board was out of town and did not attend the annual general meeting of the Company held on 23 May 2008. The Chairman will endeavor to attend all future annual general meetings of the Company unless unexpected or special circumstances preventing him from doing so.

The Company will continuously review and improve its corporate governance practices to ensure that business activities and decision-making processes are regulated in a proper and prudent manner.

The following summarizes the Company’s key corporate governance practices.

Board of Directors

The Board, led by the Chairman, steers the Group’s business direction. The management, led by the Managing Director, which is also the Chief Executive Officer of the Group, is responsible for the Group’s management and operations. The division of responsibilities between the Chairman and the Managing Director are clearly established and set out in writing. The role of the Chairman and the Managing Director are separated and are performed by different persons to avoid concentration of authorities to one single person.

公司管治常規

本公司致力維持及確保符合市場慣例之一套公司管治標準。截至二零零八年十二月三十一日止年度，除常規守則條文E.1.2外，本公司已採納聯交所證券上市規則（「上市規則」）附錄十四所載之企業管治常規守則（「常規守則」）的原則，及已遵從所有適用之常規守則條文。常規守則條文第E.1.2條要求董事會主席應出席股東週年大會。董事會主席因為身處海外緣故並無出席本公司於二零零八年五月二十三日召開之股東週年大會。主席將竭力出席本公司於未來召開的所有股東週年大會，除非出現不可預見或特殊情況導致其未克出席。

本公司將會不斷檢討及改善其公司管治措施及準則，確保業務活動及決策過程受到適當及審慎之規管。

下文概括說明本公司的主要公司管治措施。

董事會

董事會由董事會主席領導，負責帶領本集團的業務發展方向；管理層由董事總經理（彼同時亦為本集團的行政總裁）領導，負責本集團的管理及經營運作。董事會主席和董事總經理有明確的分工並已在董事會的職責約章中作出明文規定；此外，董事會主席及董事總經理兩項功能已分離並分別由兩人擔任，以避免權力集中於單一人士。

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Board of Directors (Continued)

The Board is responsible for formulating the Group's long-term strategies, setting business development goals, assessing the results of management policies, monitoring management's performance and ensuring the existence of an effective internal control system. The independent non-executive directors serve the important function of ensuring and monitoring the basis for an effective corporate governance framework.

The current Board of the Company comprises five executive directors, three non-executive directors and three independent non-executive directors which composition is set out in the section headed Corporation Information on page 4 and the biographies of the directors are set out on page 21 to 24.

Members of the Board possess the appropriate expertise and skills to discharge their duties. Save for the fact that Messrs. Chen Xiaozhou, Gu Jianguo and Tang Baoqi are also directors and/or senior officers within the group of China Cinda Asset Management Corporation, which is a substantial shareholder of the Company, there is no relationship between members of the Board, in terms of financial, business, family or other significant relationship.

To assist the Board in discharging its duties and to fulfil the requirements of the Code, two standing board committees are set up under the Board: the Audit Committee and the Remuneration Committee. When it become necessary, the Board will set up ad hoc board committee to handle specific issues and report back to the Board.

董事會(續)

董事會負責制定本集團的長期策略、訂立業務發展目標、評估管理措施之成效、監察管理層之表現及確保存在有效的內部監控系統。獨立非執行董事則對確保及監察公司管治架構是否行之有效起著重要作用。

本公司現任董事會包括五名執行董事、三名非執行董事及三名獨立非執行董事，其成員組合載列於第4頁之公司資料部份而各董事的履歷詳載列於第21頁至24頁。

董事會各成員均具備適當的知識及才能以履行其職責。除陳孝周先生、顧建國先生及唐保祺先生幾位同時亦是本公司之主要股東中國信達資產管理公司集團內的董事及／或高級職員外，董事會成員之間並不存在任何關係，包括財務、業務、家屬或其他重大的關係。

為協助董事會履行其職責以及為符合常規守則的規定，董事會下設兩個常設附屬委員會：審核委員會及薪酬委員會。在必要的時候，董事會還設立臨時附屬委員會負責專項工作，並向董事會匯報。

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Board of Directors (Continued)

The Board considers that each independent non-executive director is independent in character and judgment and that they all meet the specific independence criteria as required by the Listing Rules. The Company has received from each independent non-executive director an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. In addition, the independent non-executive directors are explicitly identified in all corporate communications.

All directors are regularly updated on governance and regulatory matters. There is an established procedure for directors to obtain independent professional advice, which expenditure will be borne by the Company, in the furtherance of their duties.

The full board will meet regularly and at least four times throughout a year to review the overall strategy and to monitor the operation as well as the financial performance of the Group. Notice of at least 14 days will be given to all directors for all full board meetings and the directors can include matters for discussion in the agenda if necessary. Agenda and the accompanying board papers in respect of full board meetings are sent out in full to all directors no less than three days before the meeting. Minutes of full board meetings and meetings of board committee are properly kept and all directors have access to board papers and the related materials.

董事會(續)

董事會認為每位獨立非執行董事均具有獨立的個性及判斷能力並且他們都符合上市規則所定明有關獨立性的特定標準。本公司已接獲每名獨立非執行董事根據上市規則第3.13條有關其獨立身分的年度確認函。此外，在所有公司通訊內，獨立非執行董事經已被明確識別。

全體董事均定期獲得有關管治及監管等事宜的更新資訊。董事可按照既定程序，尋求獨立專業意見以協助履行其職責，相關費用由本公司承擔。

全體董事將定期並最少每年召開四次全體董事會議，檢討整體策略與監察本集團的經營與財務表現。就所有全體董事會議，所有董事均獲發最少十四天的會議通知，如有需要，董事可加入討論事項於有關議程。全體董事會議的議程及附連之會議文件將在會議前的最少三天派發予所有董事。全體董事會議及董事會委員會會議之會議記錄均適當保存，所有董事均有權查閱董事會會議文件及相關資料。

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Board of Directors (Continued)

董事會(續)

During 2008, four full board meetings were held and the attendance of each director is set out below:

於二零零八年內共召開四次全體董事會議，每位董事的出席率載列如下：

Name of director 董事姓名	Number of meetings attended 出席會議次數	Attendance rate 出席率
Chen Xiaozhou 陳孝周	3 out of 4 四次中出席三次	75%
Hui Xiao Bing 惠小兵	3 out of 4 四次中出席三次	75%
Gao Jian Min 高建民	4 out of 4 四次中出席四次	100%
Liu Tianni 劉天倪	3 out of 4 四次中出席三次	75%
Gu Jianguo 顧建國	4 out of 4 四次中出席四次	100%
Tang Baoqi 唐保祺	4 out of 4 四次中出席四次	100%
Chen Yongcun (Note) 陳永存(附註)	N/A 不適用	N/A 不適用
Yuen Wing Shing 袁永誠	3 out of 4 四次中出席三次	75%
Chow Kwok Wai 周國偉	4 out of 4 四次中出席四次	100%
Kang Dian 康典	3 out of 4 四次中出席三次	75%
Zhang Lu 張璐	4 out of 4 四次中出席四次	100%
Hung Muk Ming 洪木明	4 out of 4 四次中出席四次	100%

Note: Mr. Chen Yongcun was resigned on 27 February 2008. There was no full board meeting held up to Mr. Chen's date of resignation.

附註：陳永存先生已於二零零八年二月二十七日辭職。直至陳先生辭職當日，並無召開全體董事會議。

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Board of Directors (Continued)

According to the Articles of Association of the Company, the Board has the power to appoint any person as a director either to fill a casual vacancy or as an addition to the Board. All directors, including the Chairman, Vice Chairman and Managing Director, shall retire by rotation at least once every three years at annual general meetings and be eligible for re-election.

All independent non-executive directors have been appointed for a specific term of service. They are also subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with Article 101 of the Company's Articles of Association.

Securities Dealing by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules as the code of conducts for securities transactions by directors of the Company. All the members of the Board have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2008.

The Company has also adopted codes of conduct regarding securities transactions by relevant employees (as defined in the Code) on terms no less exacting than the required standards set out in the Model Code.

Audit Committee

The Company established an audit committee (the "Audit Committee") in 1999. The composition and professional qualifications of the members of the Audit Committee complies with the requirements under Rules 3.21 of the Listing Rules. The Audit Committee has a written terms of reference that conform to the provisions of the Code.

董事會(續)

根據本公司章程，董事會有權委任任何人士擔任董事職務以填補空缺或增加董事會席位。所有董事(包括主席、副主席及董事總經理)須至少每三年一次輪流於股東週年大會告退，但可膺選連任。

所有獨立非執行董事之委任設有固定任期。他們亦須根據本公司章程第101條規定於本公司週年大會輪值告退並膺選連任。

董事進行證券交易

本公司已就本公司董事進行證券交易採納上市規則附錄十所載的《上市發行人董事進行證券交易的標準守則》(「標準守則」)作為董事進行證券交易的守則。董事會全體成員回應本公司的特別查詢時已確認，彼等在截至二零零八年十二月三十一日止年度內一直嚴格遵守標準守則所載之指定標準。

公司就有關僱員(定義見管治守則)進行的證券交易，已採納不遜於標準守則所訂標準的行為守則。

審核委員會

本公司已於一九九九年成立審核委員會(「審核委員會」)。審核委員會之組成及各成員的專業資格均符合上市規則第3.21條之要求。審核委員會的成文權責條款符合常規守則之條文。

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Audit Committee (Continued)

The current Audit Committee comprises three independent non-executive directors, namely Mr. Kang Dian (committee chairman), Mr. Zhang Lu and Mr. Hung Muk Ming. The principal duties of the Audit Committee includes the review and supervision of the Group's financial reporting system and internal control procedures, review of the Group's financial information and review of the relationship with the external auditors and the Company.

The Audit Committee meets at least two times each year to review the reporting of financial and other information to shareholders, the system of internal controls, risk management and the effectiveness and objectivity of the audit process. The Audit Committee also provides an important link between the Board and the Company's external auditors in matters coming within the scope of its terms of reference and keeps under review the independence and objectivity of the external auditors.

The Group's annual results for the year ended 31 December, 2008 have been reviewed by the Audit Committee.

The Audit Committee together with the Board has reviewed the internal control system of the Group and were satisfied that it is operating effectively and is appropriate for the Group for the time being.

During the year, two Audit Committee meetings were held and the attendance of each member is set out below:

審核委員會(續)

現任審核委員會由三位獨立非執行董事，康典先生(委員會主席)、張璐先生及洪木明先生組成。審核委員會的主要責任包括審閱及監察本集團的財務匯報程序及內部監控程序、審閱本集團的財務資料，以及檢討本公司與外聘核數師的關係。

審核委員會每年最少召開兩次會議，檢討向股東匯報的財務及其他資料、內部監控系統、風險管理及核數程序的效力及客觀性。審核委員會亦會在其職權範圍內所涉及的事宜上擔當董事會與本公司外部核數師之間的重要聯繫，並對外部核數師的獨立性及客觀性做出檢討。

本集團截至二零零八年十二月三十一日止之年度業績，經已由審核委員會審閱。

審核委員會聯同董事會已檢討了本集團的內部監控系統並且認為其運作有效並且就本集團而言，目前是合適的。

審核委員會年內共召開兩次會議，各成員之出席率載列如下：

Name of director 董事姓名	Number of meetings attended 出席會議次數	Attendance rate 出席率
Kang Dian 康典	2 out of 2 兩次中出席兩次	100%
Zhang Lu 張璐	2 out of 2 兩次中出席兩次	100%
Hung Muk Ming 洪木明	2 out of 2 兩次中出席兩次	100%

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Remuneration Committee

The Company established a remuneration committee (the "Remuneration Committee") in 2005 and adopted a written terms of reference which conform to the provisions of the Code. The current Remuneration Committee comprises two independent non-executive directors namely, Mr. Kang Dian (*committee chairman*) and Mr. Zhang Lu.

The principal duties of the Remuneration Committee are to ensure that there is no director or any of his associates is involved in deciding his own remuneration and that the Company has an equitable and competitive remuneration policy to attract and retain talent persons to serve the Company.

The remuneration package for each employee is structured according to his quality and professional qualification. The remuneration package will contain a combination or modification of some or all of the following four main components:

1. Basic salary

Basic salary ranges for each position are established with reference to the responsibilities and the duties attached to the position. The actual salary for the person filling the position is determined based on the experience and ability of the individual selected for the position.

The basic salary ranges are reviewed periodically by reference to the general market and by comparison to comparable positions at competitors in the relevant industry. The actual salaries of employees are reviewed annually and may be adjusted from time to time based on the cost of living and financial performance of the Company.

Salaries are base compensation and not intended to reward performance, either individually or corporately. Performance is rewarded through the other components of the remuneration plan.

薪酬委員會

本公司已於二零零五年成立薪酬委員會(「薪酬委員會」)並採立符合常規守則之條文。現任薪酬委員會由兩名獨立非執行董事康典先生(委員會主席)及張璐先生組成。

薪酬委員會的主要職責為確保沒有董事或其聯繫人士參與制定該董事自己的酬金以及本公司存在一套公平且具競爭性的薪酬政策以便吸引及挽留卓越的人才服務本公司。

每位員工的薪酬待遇按個別的質素與專業資格釐定。薪酬待遇由以下四大項目中其中一部分或全部組成或修改，亦可能有所增減：

一. 基本薪金

基本薪金是按個別職位及責任而釐定。而擔任該職務的人士實際可取得的基本薪金，則按個別受聘人士的經驗及能力而定。

基本薪金會定期參考一般市場及有關行業的競爭機構中同類職位的薪酬後作出檢討。僱員的實際基本薪金則每年進行檢討，並可按生活指數及本公司的財務表現不時作出調整。

基本薪金屬基本薪酬，並非按個別僱員或公司表現而作出的獎賞。薪酬政策中另有其他獎勵性質的項目。

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Remuneration Committee (Continued)

2. Incentive bonus

Incentive bonus is linked to individual and corporate performance. The incentive bonus for each employee is determined with reference to his position and his performance during the year.

3 Share option

Share options to purchase shares in the Company are granted to employees from time to time at the discretion of the Board, in order to retain valuable employees and to motivate future performance of the employees.

Share options granted to individual employee are determined with reference to his position, his performance and his ability to contribute to the overall success of the Group.

4. Other benefits

The Group offers other customary and/or mandatory benefits to employees, such as statutory retirement scheme, employee compensation and medical insurance, paid annual leaves and child education allowance, with reference to the prevailing practices in relevant jurisdictions.

The remuneration committee meets regularly to review the Company's human resources matters and remuneration policies. During the year, two Remuneration Committee meetings were held and the attendance of each member is set out below:

Name of director 董事姓名	Number of meetings attended 出席會議次數	Attendance rate 出席率
Kang Dian 康典	2 out of 2 兩次中出席兩次	100%
Zhang Lu 張璐	2 out of 2 兩次中出席兩次	100%

薪酬委員會(續)

二. 獎勵性花紅

獎勵性花紅與個別僱員及公司表現掛鉤。每名僱員所得的獎勵性花紅會按其職位及其於年內的表現而釐定。

三. 購股權

董事會可不時酌情向僱員授出購股權，以認購本公司股份，以挽留有貢獻的員工並激勵員工繼續努力工作。

個別員工獲授的購股權數目會按其職位、表現及對公司整體成就所作的貢獻而釐定。

四. 其他福利

本集團亦會參考有關司法管轄權區當前的慣例向僱員提供慣常的及／或強制性的福利，如法定退休金計劃、勞工及醫療保險、有薪年假及子女教育津貼。

薪酬委員會定期召開會議審閱本公司的人力資源事宜及薪酬政策。薪酬委員會年內共召開兩次會議，各成員之出席率載列如下：

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Remuneration Committee (Continued)

The Remuneration Committee has reviewed and approved the annual salary adjustments for the year 2009 and the payment of discretionary performance bonus and director fees for the year ended 31 December 2008 after taking into consideration the results of the Group, the performance of the directors, the senior management and the employees and the prevailing market practices.

No director has ever forfeited any director fee during the year.

Details of the emoluments paid to all directors are set out in note 9 to the consolidated financial statements.

Nomination of directors

Currently, the Company does not set up any nomination committee. The Company will consider establishing a nomination committee at appropriate time.

The Board shall have the collective responsibility to consider and assess the candidates for directorships based on their characters, qualifications and experience appropriate for the Group's businesses, and nominate candidates for directorships accordingly.

On 27 February 2008, Mr. Chen Yongcun resigned as director of the Company due to personal commitments. Mr. Tang Baoqi was nominated and appointed by the Board as an executive director of the Company on 14 March 2008.

Auditor's Remuneration

The Group's consolidated financial statements for the year ended 31 December 2008 were audited by Deloitte Touche Tohmatsu ("Deloitte") at a total fees of approximately HK\$2.2 million. The said audit fee was approved by the Audit Committee and endorsed by the Board. In addition, the Group also paid fees of not more than HK\$0.2 million in aggregate to Deloitte Touche Tohmatsu for the provision of taxation services during the year 2008.

薪酬委員會(續)

薪酬委員會已審閱並經已考慮本集團的業績、董事、高級管理層及僱員的表現以及當前的市場狀況後，批准了二零零九年之年度薪金調整以及按表現酌情發放、截至二零零八年十二月三十一日止年度之花紅及董事酬金。

年內並無董事放棄收取其董事袍金。

支付予所有董事的報酬之詳情載列於綜合財務報表附註9。

董事提名

本公司目前並無設立任何提名委員會，本公司將考慮於適當時候設立提名委員會。

董事會集體負責審議及評估候選董事品格、資歷及是否適用於本集團業務的經驗，並據此提名候選人出任董事職務。

於二零零八年二月二十七日，陳永存先生因私人事務而辭任本公司執行董事職務。於二零零八年三月十四日，唐保祺先生獲董事會提名及委任為本公司執行董事。

核數師酬金

本集團截至二零零八年十二月三十一日止年度綜合財務報表由德勤關黃陳方會計師行(「德勤」)審核，核數費用總額約為2,200,000港元。該項核數費用已獲得審核委員會批准並得到董事會背書認可。此外，本集團於二零零八年內亦有向德勤支付總額不多於200,000港元的稅務服務費用。

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Auditors' Remuneration (Continued)

The Audit Committee considers that the taxation services did not (in terms of the nature of the services and the amount of fees paid in relation to the audit fees) affect the independence of Deloitte.

Directors' Responsibility Statement

The directors are responsible for the preparation of the financial statements for each financial period, which give a true and fair view of the state of the affairs of the Group and of the results and cash flow for that period. In preparing the financial statements for the year ended 31 December 2008, the directors have selected suitable accounting policies and applied them consistently; adopted appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards; made adjustments and estimates that are prudent and reasonable; and have prepared the consolidated financial statements on the going concern basis. Up to the date of this report, the directors are not aware of any material uncertainties that will seriously affect the going concern assumption of the Group.

The directors are also responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company. The directors also have general responsibilities for setting up an appropriate internal control system, which is mainly to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. The directors have reviewed the internal control system of the Group and are satisfied that the internal control system of the Group is functioning properly.

核數師酬金(續)

審核委員會認為該等稅務服務費用(就服務性質及相對於核數費用的總額而言)並沒有對德勤的獨立性構成影響。

董事關於賬目的責任聲明

董事負責編制各個會計期間的財務報表，該等財務報表真確地反映本集團於該期間的事務、業績及現金流量。在編制截至二零零八年十二月三十一日止年度之綜合財務報表時，董事已選取適用的會計政策，並貫徹應用；採用適當的香港財務報告準則及香港會計準則；作出審慎及合理的調整估計；及按持續經營基準編制財務報表。截至本報告日止，董事並不獲悉任何將會嚴重地影響本集團持續經營基準的重大不確定因素。

董事亦負責保存適當的會計紀錄，使於任何時間能合理準確地反映本集團的財務狀況。董事亦有一般責任設立適當的內部監控系統，其主要目的為保障本集團資產與防止及揭發舞弊以及其他不當的行為。董事已檢討過本集團的內部監控系統並認為本集團的內部監控系統行之有效。

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Communication with Shareholders

The Company endeavours to maintain a high level of transparency in communicating with shareholders and investors at large. In order to enhance the transparency of shareholders' voting in general meeting, separate resolutions are proposed at general meeting on each substantially separate issue, including the election of individual director and those resolutions were voted on by poll. The Company will engage external scrutineer to count the vote. The poll voting results will be published on the Stock Exchange's website and on the Company's website on the next following business day. In addition, procedures for demanding a voting by poll are laid down in the circular or annual report to be despatched to shareholders. Moreover, at general meeting but before voting, the chairman of the meeting will explain to shareholders their right to demand a voting by poll and how to exercise such right.

The Company has maintained a website at <http://www.silvergrant.com.hk> which enable shareholders, investors and the general public to have an open access to the information of the Company. Financial information and all corporate communications of the Company are made available on the Company's website and are updated regularly.

Shareholders who wish to raise any queries with the Board may write to the Company Secretary at Suite 4901, 49/F, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong.

與股東的溝通

本公司在與股東及大眾投資者溝通時，一直盡量保持透明度。此外，為了加強股東大會上股東投票的透明度，本公司於股東大會上採取按點票方式對所有涉及具體事項的決議案包括選舉個別董事等均分開進行議案表決。為此，本公司會委任外部監票員進行點票工作，點票方式的投票結果亦會於有關大會結束後的下一個工作日上載及刊登於聯交所網頁及本公司網頁。此外，有關要求以點票方式進行投票的程序也會詳列於寄給股東的通函或年報內。同時於股東大會舉行但投票進行之前，會議主席會首先向股東解釋股東有權要求以點票方式投票的權利及如何行使該權利。

本公司設立了一個網站於 <http://www.silvergrant.com.hk>，以為股東、投資者及公眾人士提供一個公開渠道取得本公司之資料。本公司財務資料及所有與股東之間的公司通訊均已上載於本公司網站，並且會定期作出更新。

倘若股東需要向董事會提出查詢，可隨時致函本公司公司秘書，地址為：香港灣仔港灣道1號會展廣場辦公大樓49樓4901室。